盛洋投资

Gemini Investments (Holdings) Limited

(Incorporated in Hong Kong with limited liability)
Stock Code: 174

2014
Annual Report

CONTENTS

Financial Highlights

(HK$'000)	**2014**	2013
Revenue	**91,915**	186,676
(Loss)/profit before income tax	**(144,738)**	43,868
(Loss)/profit for the year	**(144,838)**	39,153
(Loss)/profit attributable to owners of the Company	**(144,838)**	39,153
(Losses)/earnings per share		
— basic (HK cents)	**(32.48)**	8.79
— diluted (HK cents)	**N/A**	8.75

(HK$'000)	**2014**	2013
Total assets	**5,887,811**	2,121,161
Equity attributable to owners of the Company	**4,307,046**	544,605
Cash and cash equivalents	**2,157,863**	715,343
Net gearing ratio (times)*	**N/A**	1.53

* At at 31 December 2014, the Group had bank and cash balances of approximately HK$2,157.9 million which was sufficient to pay off all the bank borrowings of the Group of approximately HK$1,522.6 million. Therefore, the Group had not any gearing on a net debt basis as compared with a net gearing ratio of 1.53 as at 31 December 2013.

On behalf of the Board of Directors (the "**Board**"), I have the pleasure to present the result of Gemini Investments (Holdings) Limited (the "**Company**") and its subsidiaries (together referred to as "**our Group**" or "**We**"/"**we**") for the year ended 31 December 2014 (the "**Year**" or "**2014**").

ANNUAL RESULTS FOR 2014

The Group reported a loss attributable to its owners of approximately HK$144.8 million for the Year, as compared to a profit attributable to its owners of approximately HK$39.2 million for 2013. The net asset value of the Group as at 31 December 2014 was increased by 690.9% to approximately HK$4,307.0 million (2013: approximately HK$544.6 million), mainly as a result of the issue by the Company of 1.3 billion non-voting convertible preference shares at HK$3.0 each. For reasons for the loss and details of the issue of such convertible preference shares, please see the section "Management Discussion & Analysis" of this annual report.

The Board does not recommend the payment of any final dividend for the financial year of 2014.

KEY DEVELOPMENT

The Group stayed focus on its core businesses in 2014. 2014 as a whole witnessed a volatile economy landscape with weak economic indicators globally, which was also a good timing for our Group's expansion in property-related investments through a variety of channels, which not only included direct property investment, but also more importantly included real estate fund management and other ways that are considered to enhance our Group's future value as well as diversifying investment risk of our Group.

In terms of fund management business, our Group has increased the capital commitment of US$3.95 million into the general partner and US$250.0 million as a limited partner of a jointly controlled and managed investment platform of our Group, Sino Prosperity Real Estate Fund L.P. (the "**SPRE Fund**") established to invest in real estate projects in the PRC. The SPRE Fund has subsequently, through its wholly-owned subsidiary, acquired the entire equity interest of a company which held nine property projects located across seven cities in the PRC with aggregate gross floor area of pre-sold portion and unsold portion of approximately 2.9 million square meters, and a business operation in the provision of upfitting and decoration services for property projects during the Year. Through proactive asset management and asset enhancement by the SPRE Fund in projects that are in development stage or distressed and special situation, our Group expects to share the development potential realised through upgrading and enhancing quality to property projects.

Moreover, the Company entered into a purchase, sale and contribution agreement in December 2014 (the "**Transaction**") to invest in the general partnership interests, together with certain limited partnership interests, in partnership entities of Rosemont Realty, LLC ("**Rosemont**"), a well-established platform principally engaged in the ownership and management of commercial properties in 22 states in the United States (the "**US**"). Rosemont has sound commercial real estate expertise and extensive experience in managing, acquiring and disposing of commercial properties in the US over the past 20 years with headquarters in Santa Fe, New Mexico and main offices in Dallas, Houston, Atlanta, Denver, San Antonio, New York, Albuquerque, Peoria, and Tulsa in the US.

Rosemont employs over 200 real estate professionals to manage and support its real estate portfolio and evaluate new real estate investment opportunities. As at 31 December 2014, Rosemont held ownership interests in 88 commercial property projects comprising 137 buildings with approximately 16.3 million square feet. The Transaction is expected to be completed by June 2015 and our Group expects to leverage on the expertise, experience and relationship of the senior management team of Rosemont, as well as relieving itself from the potential burden of maintaining a large portfolio of investment properties.

The Board believes that the SPRE Fund and Rosemont will serve as convenient platforms through which our Group can tap into a larger pool of potential value-enhancing property acquisition through its participation of both platforms, and accordingly expand its asset-light business. In addition, the Group obtains the equity stake in the general partner vehicle managing the funds and is therefore entitled to share in future management and/or performance fees earned by the general partner.

In terms of direct property investment, our Group extended our investment properties portfolio into Manhattan, New York during the Year, which enjoyed a high occupancy rate and provided our Group with stable recurrent income and potential appreciation gain.

In terms of other indirect property-related investments, our Group invested a minority interest in a property development project in Melbourne, Australia, which enables our Group a guaranteed pre-tax return of 8% per annum and diversify the risk exposure of our Group.

Further, our Group subscribed non-redeemable and non-voting participating shares of a closed-ended private equity fund, Neutron Private Equity Fund Limited ("**Neutron PE**"), which invested predominantly in real estate and related investments. The Board considers that such subscription enables our Group to diversify its investment risk and further enhances the rate of return of our Group through efficient access to a wider variety of investment channels.

With the issue of convertible preference shares to Grand Beauty Management Limited ("**Grand Beauty**"), an indirect wholly-owned subsidiary of Sino-Ocean Land Holdings Limited ("**Sino-Ocean Land**") at a total subscription price of HK$3.9 billion, which demonstrate the continued support from our major shareholder, our Group strengthens its financial capability to meet its capital needs during its expansion ahead.

MARKET OUTLOOK

The world will continue to see diverging economic fortunes, leading by divergence in central bank policies, deflation from the Eurozone, emerging markets failing to re-accelerate. Those economies that have enacted the proper reforms will fare best, while the market is likely to reward those making steps in the right direction.

The US market is likely to witness accelerated growth in consumer and business spending, after several rounds of quantitative easing post the global financial crisis. In response to increasing rates of inflation and declining unemployment, 2015 is likely to be the year tightening arrives. The Federal Reserve is anticipated to increase interest rates in a very pragmatic and cautious manner, and remains responsive to economic conditions. For the potential strengthen of US dollar, the Federal Reserve will monitor the situation closely so as not to trigger rising US dollar to the point where it actually jeopardizes the recovery in the US. The energy revolution in the US will be another point of focus in 2015, which will have the ability to stimulate demand through exploration and production and help the balance of trade, budget situation and employment growth.

China is expected to maintain a slower but more sustainable growth, with continuing structural reforms, which would put pressure on growth in the short term but benefit in the long term. Domestic debt crisis and slowdown in domestic demand will remain a barrier to the reforms and some of the reform measures such as interest rate liberalization would have a negative short-term impact on economic growth. However the PRC government is expected to manage such delicate balance between growth and reform and to use targeted stimulus policies and measured interest rate cuts to avoid any sharp downturn in 2015.

Eurozone growth will be supported by improved US growth, household consumption, and looser fiscal policy. The European Central Bank is expected to keep monetary policy loose and could be forced into full quantitative easing if rates of inflation do not improve. Given the weaken euro, the potential simulative monetary policy and the indication of banks more willing to extend credit, Eurozone is likely to experience a better year in 2015. However, the tensions in Russia and Ukraine, the imbalanced development between European counties while some countries are struggling to consolidate their debt will remain as threats to the growth of the Eurozone.

DEVELOPMENT PROSPECTS

Looking ahead to 2015, we believe that challenges and opportunities coexist. In 2015, major economies are likely to continue the post-crisis recoveries, although vulnerable economic indicators may persist. Facing with changes and opportunities in 2015, our Group will continuously take root in the property markets and grasp more sound opportunities and explore new channels for investing in quality projects. Moreover, our Group will continue to reinforce our professional knowledge, move prudently and fully exploit synergy from its various investments, aiming to strengthen its core competencies and to contribute sustainable growth and returns for our Group, with the ultimate goal to maximise shareholders' value in the medium to long term.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all shareholders, business partners and bank enterprises for their great support and our employees for their commitment and hard work. Indefinitely, with the support from Sino-Ocean Land, we will make our business continue to move forward and grow.

LI Ming
Honorary Chairman

Hong Kong, 6 March 2015

FINANCIAL REVIEW

Revenue

During 2014, our Group recorded a total revenue of approximately HK$91.9 million (2013: approximately HK$186.7 million). The decrease in revenue was mainly as a result of the decrease in sales of gold bullions by approximately HK$93.2 million.

The following table sets forth our Group's revenue breakdown for 2014 and 2013:

	2014	2013
	HKD'000	HKD'000
Rental revenue	**13,046**	11,130
Dividend income	**3,651**	5,327
Sales of gold bullions	**58,322**	151,508
Management fee income	**16,896**	18,711
	91,915	186,676

Loss attributable to owners of the Company

During 2014, our Group recorded a loss attributable to owners of the Company of approximately HK$144.8 million (2013: profit attributable to owners of the Company of approximately HK$39.2 million). Consequently, our Group recorded basic losses per share of 32.48 HK cents in 2014 versus basic earnings per share of 8.79 HK cents in 2013. The loss recorded during the Year was mainly as a result of the following factors: (i) finance costs of approximately HK$37.9 million, including the non-cash interest expenses of approximately HK$22.3 million relating to the loan in the principal amount of HK$1.0 billion granted by a subsidiary of Sino-Ocean Land, which are required to be recognised in the consolidated income statement of the Group under applicable accounting standards despite that such interest was waived; (ii) non-recurring fees and expenses of approximately HK$65.4 million arising out of the acquisitions explored and/or implemented by the Group in 2014; (iii) non-cash share of losses of approximately HK$25.6 million in a joint venture of the Company, the SPRE Fund, as a result of the SPRE Fund, pursuant to its stringent asset management policy, applying a conservative revaluation on the property interest and assessment on recoverability of trade and other receivables after acquiring a number of property projects in the PRC by a subsidiary of the SPRE Fund; and (iv) the absence of an one-off gain of approximately HK$45.7 million from the disposal of a subsidiary recorded in 2013.

Issue of Convertible Preference Shares

On 26 October 2014, the Company entered into a subscription agreement with Grand Beauty, pursuant to which the Company has conditionally agreed to issue and Grand Beauty has conditionally agreed to subscribe for 1.3 billion non-voting convertible preference shares (the "**Convertible Preference Shares**") at a subscription price of HK$3.0 per Convertible Preference Share. The total subscription amount of the Convertible Preference Shares is HK$3.9 billion. The issue of the Convertible Preference Shares was completed on 23 December 2014, and the net proceeds from the issue (after deducting the expenses for the issue) amounted to approximately HK$3,899.0 million. Out of such net proceeds, approximately HK$3,445.3 million has been or will be applied to finance the following projects or transactions undertaken by the Group (the "**Projects**"):

(i) the capital commitment of US$250.0 million (equivalent to approximately HK$1,939.2 million) into the SPRE Fund. Details of this transaction are set out in the announcement of the Company dated 17 November 2014 and the circular of the Company dated 13 December 2014;

(ii) the investment in the general partnership interests, together with certain limited partnership interests, in partnership entities of Rosemont. The investment amount of this transaction is approximately US$119.0 million (equivalent to approximately HK$922.5 million). Details of this transaction are set out in the announcement of the Company dated 31 December 2014;

(iii) the investment of US$52.0 million (equivalent to approximately HK$403.6 million) in Neutron PE, a property fund whose investment objective is to achieve medium to long term capital appreciation through investing in one or more collective investment schemes that invest predominantly in real estate and related investments. Details of this transaction are set out in the announcement of the Company dated 29 December 2014 and the circular of the Company dated 25 February 2015; and

(iv) the provision of a loan in the principal amount of HK$180.0 million by an indirect wholly-owned subsidiary of the Company to Alpha Advent Ventures Limited. The loan is intended to be used by New Advance Limited (a wholly-owned subsidiary of Alpha Advent Ventures Limited) to finance the acquisition cost and future development cost of the parcel of land with Lot No.758 in Demarcation District No. 332 which is located at Cheung Sha, Lantau Island, New Territories, Hong Kong. Details of this transaction are set out in the announcement of the Company dated 15 January 2015 and the circular of the Company dated 5 February 2015.

The remaining net proceeds of approximately HK$453.7 million after deducting proceeds utilised or reserved for the Projects as mentioned above are intended to fund other potential property investment opportunities available to the Group in the future.

Financial Resources and Liquidity

Total assets of our Group as at 31 December 2014 increased by 177.6% to approximately HK$5,887.8 million from HK$2,121.2 million as at 31 December 2013. Owing to the combined effects of the loss for the Year and the issuance by the Company of the 1.3 billion Convertible Preference Shares as disclosed in the paragraph headed "Issue of Convertible Preference Shares" above, the net asset value of our Group increased to approximately HK$4,307.0 million (2013: approximately HK$544.6 million).

As at 31 December 2014, our Group had total cash resources (including bank balances and cash and short-term bank deposits) of approximately HK$2,157.9 million (2013: approximately HK$715.3 million) and the current ratio was 39.24 times (2013: 1.56 times). Significant increase in current ratio was mainly resulted from the following factors:

(i) short-term bank borrowings, classified as current liabilities last year, were reclassified as non-current liabilities this year as a result of renewal of bank facility agreement in the principle amount of HK$500.0 million for a further term of 36 months; and

(ii) net proceeds from the issuance by the Company of the 1.3 billion Convertible Preference Shares to Grand Beauty which amounted to approximately HK$3,899.0 million, as disclosed in the paragraph headed "Issue of Convertible Preference Shares" above, which was not fully ultilised as at 31 December 2014.

As at 31 December 2014, our Group recorded a total borrowing of approximately HK$1,522.6 million (2013: approximately HK$1,549.9 million) which mainly consist of (i) an unsecured 10-year loan of HK$1.0 billion from Grand Beauty; (ii) unsecured bank borrowing in the principal amount of HK$500.0 million which was wholly repayable in 2017; and (iii) entrusted loan of approximately HK$26.6 million in the PRC provided by Sino-Ocean Land Limited, a fellow subsidiary of our Group, which is unsecured, wholly repayable within five years and bore interest at fixed rate as at 31 December 2014. Apart from the above, our Group did not have any other interest bearing debt as at 31 December 2014.

We are confident that we have ample financial resources to meet our business expansion when appropriate.

The net gearing ratio of our Group is calculated based on total borrowings less cash resources divided by total shareholders' equity. As at 31 December 2014, the Group had bank and cash balances of approximately HK$2,157.9 million which is sufficient to pay off all borrowings of the Group of approximately HK$1,522.6 million. Therefore, the Group did not have any gearing on a net debt basis as at 31 December 2014 as compared with a net gearing ratio of 1.53 as at 31 December 2013. Such change was mainly as a result of increase in cash resources from the issue of the aforesaid Convertible Preference Shares.

Financial Guarantees

As at 31 December 2014 and 31 December 2013, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 31 December 2014 and 31 December 2013, our Group did not have any pledged assets.

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

During the Year, our Group's assets and liabilities were mainly denominated in Hong Kong Dollars, United States Dollars, Renminbi and Australian Dollars In the view of the potential Renminbi and Australian Dollars exchange rate fluctuations, our Group will closely monitor the foreign currency exchange risk exposure and will regularly review if any related hedging should be necessary.

OPERATION REVIEW

During the Year, our Group stuck to the philosophy of value investment, actively optimizing its asset allocation. An analysis of our Group's turnover and contribution to operating result for the Year by our principal activities is set out in Note 5 to the consolidated financial statements of our Group contained in this annual report.

Fund Management

Fund Platform Investment

Through fund platform investment, our Group is able to participate in the property projects in the PRC or other countries where investment opportunities arise, as part of its corporate development strategy, through various structures of vehicles, which enable our Group to share potential gain from such investments.

SPRE Fund

During 2014, the SPRE Fund maintains as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the PRC. Our Group treats the SPRE Fund as a convenient platform through which our Group can tap into a larger pool of potential value-enhancing property acquisitions through its participation in the SPRE Fund.

In December 2014, our Group increased its capital commitment to the SPRE Fund by US$250.0 million, of which an amount of US$232.0 million was subsequently contributed to the SPRE Fund, for the SPRE Fund's acquisition of the entire equity interest and related shareholder loan of a company which holds several property projects across seven cities in the PRC with aggregate gross floor area of pre-sold portion and unsold portion of approximately 2.9 million square meters, and a business operation engaged in the provision of upfitting and decoration services to property projects (the "**Acquisition**"). The details are set out in the Company's announcement and circular dated 17 November 2014 and 13 December 2014 respectively.

Non-cash share of goodwill impairment losses from the SPRE Fund of approximately HK$25.6 million was recognized by the Group as at 31 December 2014, as a result of the SPRE Fund, pursuant to its stringent asset management policy, applying a conservative revaluation on the property interest and assessment on recoverability of trade and other receivables acquired under the Acquisition.

Rosemont

The Company entered into a purchase, sale and contribution agreement in December 2014 (the "**Transaction**") to invest in the general partnership interests, together with certain limited partnership interests, in partnership entities of Rosemont, a well-established platform principally engaged in the ownership and management of commercial properties in 22 states in the US. Rosemont has sound commercial real estate expertise and extensive experience in managing, acquiring and disposing of commercial properties in the US over the past 20 years with headquarters in Santa Fe, New Mexico and main offices in Dallas, Houston, Atlanta, Denver, San Antonio, New York, Albuquerque, Peoria, and Tulsa in the US. Rosemont employs over 200 real estate professionals to manage and support its real estate portfolio and evaluate new real estate investment opportunities. As at 31 December 2014, Rosemont held ownership interests in 88 commercial property projects comprising 137 buildings with approximately 16.3 million square feet. The Transaction is expected to be completed by June 2015 and our Group expects to leverage on the expertise, experience and relationship of the senior management team of Rosemont, as well as relieving itself from the potential burden of maintaining a large portfolio of investment properties.

The Board believes that the SPRE Fund and Rosemont will serve as convenient platforms through which our Group can tap into a larger pool of potential value-enhancing property acquisition through its participation of both platforms, and accordingly, expand its asset-light business. In addition, the Group obtains the equity stake in the general partner vehicle managing the funds and is therefore entitled to share in future management and/or performance fees earned by the general partner.

Other fund management

Other fund management contributes return for our Group for the Year of approximately HK$16.9 million (2013: approximately HK$18.7 million).

Property Investments

Investment properties provide a steady and reliable income and cash flow for our Group in addition to the possible capital gains from appreciation in value.

As at 31 December 2014, our investment properties comprised A-grade office premises in Hong Kong with gross floor area of 16,009 square feet and residential units in New York with gross floor area of 17,385 square feet, with an aggregate occupancy rate over 96%.

Increase in total rental income by 17% to approximately HK$13.0 million and recognition of revaluation gains of approximately HK$3.6 million was mainly contributed by the Group's acquisition of 20 residential units for a total cash consideration of approximately US$24.6 million in the heart of Manhattan's financial district of New York during the Year.

Fund Investments

Fund investments enable our Group to capture more sound investment opportunities and diversify its investment risk and further enhance its rate of return through efficient management and a wider access to investment channels to which our Group may not have direct access. The carrying value of our fund investment portfolio as at 31 December 2014 amounted to approximately HK$814.1 million (2013: approximately HK$856.2 million). No revenue or gain has yet been recognized from fund investments for the Year. Apart from other movement, decrease in fair value of fund investments of approximately HK$22.1 million was charged to other comprehensive income for the Year as a result of the fluctuation in the worldwide financial market during the Year. (2013: increase in fair value of approximately HK$9.9 million).

In December 2014, our Group made further investment in Neutron PE, with subscription monies of US$52.0 million, on top of its existing investment in Neutron PE which the Group made in October 2013 for an investment amount of US$12.5 million. Neutron PE is a private equity fund which aims to invest in one or more collective investment schemes which invest predominantly in real estate and related investments. The Board considered investment in Neutron PE enables our Group to diversify its investment risk and further enhances the rate of return of our Group's core business through efficient access of a wider variety of investment channels to which our Group may not have direct access at present. The details of such investment are set out in the Company's announcement and circular dated 29 December 2014 and 25 February 2015 respectively.

Securities and Other Investments

Our Group recognized a total revenue for the Year of approximately HK$62.0 million (2013: approximately HK$156.8 million) from securities and other investments which represents dividend income of approximately HK$3.7 million (2013: approximately HK$5.3 million) and sales of gold bullions of approximately HK$58.3 million (2013: approximately HK$151.5 million). Moreover, our Group recorded a gain from changes in fair value of financial instruments held for trading of approximately HK$9.7 million (2013: approximately HK$8.9 million).

An analysis of the securities and other investments of our Group as at 31 December 2014 is as follows:

Carrying value as at (HK$'000)	**As at 31 December 2014**	As at 31 December 2013
Financial instruments held for trading	**114,711**	155,214
Distribution of which:		
Listed securities:		
— Equities — Hong Kong	**9,507**	29,967
— Equities — Overseas	**94,259**	123,205
— Equities — PRC	**917**	2,042
Derivatives:		
— Forward exchange contracts	**9,483**	—
— Futures contracts	**545**	—
Gold bullion	**—**	25,026
Available-for-sale investments:		
Equities	**92,563**	41,540

Investment portfolio formed part of our Group's cash management activities, and the management of our Group is pleased to maintain a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market. In order to reduce exposure on securities investment, investment profit was realized in the last quarter of 2014, therefore resulting in a decrease in carrying value of security investment portfolio.

As at 31 December 2014, our Group's other investments mainly includes (i) a minority interest in a property project in Australia and (ii) a minority interest in Anhui Yangzi Floor Co., Ltd ("**Yangzi Floor**") (which was subsequently disposed of in February 2015 as mentioned below).

A property project in Australia

In January 2014, our Group invested a minority interest with a fixed pre-tax 8% return per annum in a residential property development project in Australia, with an aggregate consideration of approximately Australian dollar 14.3 million (equivalent to approximately HK$97.9 million). As at 31 December 2014, all the residential units have been pre-sold and the construction is expected to be completed in the first half of 2017.

Yangzi Floor

In February 2015, our Group disposed of its equity investment in Yangzi Floor, a total of 4,500,000 shares, at a price of RMB5.5 per share in a series of transactions on the open market of National Equities Exchange and Quotations for an aggregate gross sale proceeds of approximately RMB24.8 million (approximately HK$31.4 million) before expenses. The details are set out in the Company's announcement dated 13 February 2015.

Employees

As at 31 December 2014, the total number of staff employed was 21 (2013: 16) as additional staff were employed to cope with the increasing workload along the Group's business expansion. During 2014, taking into account the amortization of share options, the level of our overall staff cost was about HK$17.7 million (2013: HK$27.4 million).

With a view to encouraging and rewarding contribution made by our staff, our Group has adopted a share option scheme and believes that this will be an effective tool for achieving this purpose. Our Group recruits and promotes individuals based on their performance and development potentials in the positions offered. When formulating staff salary and benefit policies, our Group gives primary consideration to their individual performance and prevailing salary levels in the market.

Contingent Liabilities

As at 31 December 2014, our Group had no significant contingent liabilities.

Mr. LI Ming, aged 51, has been appointed as a Non-Executive Director of the Company, the Honorary Chairman of the board of directors of the Company (the "**Board**") and the Chairman of the Nomination Committee of the Board with effect from 9 August 2013. He is currently an Executive Director, the Chairman of the board of directors, Chairman of the Nomination Committee and Chairman of the Investment Committee of the board of directors of Sino-Ocean Land Holdings Limited ("**Sino-Ocean Land**"), a controlling shareholder of the Company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 3377). Mr. LI joined the group of Sino-Ocean Land as a general manager in July 1997 and became the Chief Executive Officer in August 2006. Mr. LI also serves as the chairman, legal representative, director or general manager of a number of the subsidiaries and project companies of Sino-Ocean Land. With extensive experience in corporate governance, property development and property investment, Mr. LI is primarily engaged in Sino-Ocean Land's overall operation management and the implementation of development strategies. Mr. LI obtained a Bachelor's Degree in Motor Vehicle Transportation from the Jilin Industrial University in July 1985 and a Master's Degree in Business Administration from the China Europe International Business School in May 1998. He is also a qualified senior engineer. Mr. LI is currently a member of the People's Congress of the Chaoyang District of the Beijing Municipality and the vice-president of the China Real Estate Association.

Mr. SUM Pui Ying, Adrian, aged 53, has been appointed as a Non-Executive Director of the Company and Chairman of the Board since 17 March 2011. With effect from 9 August 2013, as part of the realignment of the senior management resources, Mr. SUM has been re-designated as an Executive Director and Chief Executive Officer of the Company. He is currently a member of the Nomination Committee and the Chairman of the Investment Committee of the Board. He is also a director of certain subsidiaries and joint ventures of the Company. Mr. SUM is the Chief Financial Officer of Sino-Ocean Land. He joined the group of Sino-Ocean Land in May 2007. With extensive experience in governing companies listed on the Stock Exchange, Mr. SUM is primarily engaged in the overall management of Sino-Ocean Land's operations and responsible for operation and management of group of Sino-Ocean Land's Hong Kong and overseas business. Mr. SUM is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England & Wales. Mr. SUM obtained a Professional Diploma in Accounting from the Hong Kong Polytechnic University in 1988, a Master's Degree in Business Administration from the University of Wales in 1991 and a Diploma in Legal Studies from the University of Hong Kong in 1996. He is currently a director and Honorary Treasurer of Executive Committee of China Real Estate Chamber of Commerce Hong Kong Chapter Limited.

Biographies of Directors

Mr. LI Zhenyu, aged 43, was appointed as an Executive Director and Chief Executive Officer of the Company on 17 March 2011 and re-designated as Chief Operating Officer on 9 August 2013. He is a member of the Investment Committee of the Board. Mr. LI is also a director of various subsidiaries of the Company. Since May 2007, he has been secretary of the board, joint company secretary, general manager of the secretary administration department, general manager of the investment development department and general manager of the corporate finance division of Sino-Ocean Land. He has also served as a director of a number of project companies and subsidiaries of Sino-Ocean Land. Mr. LI obtained a Bachelor's Degree from the Central University of Finance and Economics in June 1994. He is currently taking the program of Executive Master of Business Administration in Finance (Finance EMBA) in Tsinghua University People's Bank of China School of Finance (Tsinghua PBCSF).

Mr. LAI Kwok Hung, Alex, aged 50, joined the Group as senior finance manager in July 2013 and is responsible for the finance and accounting functions of the Group. He has been appointed as an Executive Director and a member of the Investment Committee of the Board with effect from 9 August 2013. Mr. LAI is also a director of various subsidiaries and joint ventures of the Company. Mr. LAI has over 25 years' solid experience in auditing, accounting, financial advisory and management matters. Mr. LAI is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom. He is also an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He obtains a Master's Degree in Professional Accounting awarded by The Hong Kong Polytechnic University in 2004, a Diploma in Legal Studies awarded by The University of Hong Kong in 2002 and a Bachelor of Arts degree in Accountancy awarded by The City University of Hong Kong in 1993. He is also a member of China Real Estate Chamber of Commerce Hong Kong Chapter Limited.

Mr. LI Hongbo, aged 47, was appointed as a Non-Executive Director of the Company on 22 October 2010. He has been the general manager of the finance department of Sino-Ocean Land Limited since 1995, a wholly-owned subsidiary of Sino-Ocean Land. Mr. LI has been the assistant to the chief executive officer of Sino-Ocean Land since 2015, mainly responsible for its overall operation management, financial management and in charge of its financial management centre. He also serves as a director of a number of project companies and subsidiaries of Sino-Ocean Land. Mr. LI has over 19 years of experience as an accountant. Mr. LI obtained a Bachelor of Engineering from Xi'an Highway University (now Chang'an University) in July 1989 and a Master's Degree in Business Administration from the China Europe International Business School in October 2011.

Mr. LAW Tze Lun, aged 43, was appointed as an Independent Non-Executive Director of the Company on 12 November 2010. He is also the chairman of the Audit Committee and the Remuneration Committee and a member of the Investment Committee and Nomination Committee of the Board. He is a Practicing Certified Public Accountant in Hong Kong and currently a director of ANSA CPA Limited. In 1999, Mr. LAW obtained a Bachelor of Commerce (Accounting) from Curtin University of Technology in Australia through distance learning. Mr. LAW is a Certified Public Accountant (Practicing) of the Hong Kong Institute of Certified Public Accountants and a Certified Practicing Accountant of CPA Australia. He has over 21 years of experience in auditing, accounting and finance gained from various accounting firms in Hong Kong. He has been an independent non-executive director of Come Sure Group (Holdings) Limited (stock code: 794) since February 2009 and National Investments Fund Limited (stock code: 1227) since December 2013, both of which are listed on the Stock Exchange.

Mr. LO Woon Bor, **Henry**, aged 51, was appointed as an Independent Non-Executive Director of the Company on 12 November 2010. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board. Mr. LO is a solicitor and currently the principal of Henry Lo & Co, Solicitors in Hong Kong. He graduated from the University of Hong Kong with a Bachelor of Arts. Mr. LO studied law and passed the Solicitors' Final Examination in the United Kingdom. He was admitted as a solicitor of the Hong Kong Special Administrative Region in 1993 and in England and Wales in 1994. In 1997, Mr. LO obtained a Master of Laws in Chinese and Comparative Law from the City University of Hong Kong. With over 22 years of experience in civil and commercial litigation, Mr. LO has extensive experience in the practice of property law, intellectual property, civil and commercial advice and litigation. He served as an in-house counsel in a listed publication conglomerate from 1998 to 1999. He regularly proffers advice to companies and institutions with regard to civil and commercial subjects and practice.

Mr. ZHENG Yun, aged 52, was appointed as an Independent Non-Executive Director of the Company on 12 November 2010. Mr. ZHENG is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board. Mr. ZHENG acted as investment manager of China KZ High & Technology Co. Ltd., (中國科招高技術有限公司). He was a manager of Innovation Electronics Co. Ltd., Beijing Union(北京友聯創新科貿有限公司) and a minister of the investment and development department of the Tsinghua Science Park Development Center (清華科技園發展中心發展部). From 2003 to 2009, he was manager of the ministry of strategy and investment development department, secretary of the board, assistant to the president, financial controller, director of human resources and vice president of Tuspark Co. Ltd. (啟迪控股股份有限公司). During the period from August 2009 to January 2015, Mr. ZHENG was the vice president of Unisplendour Corporation Limited (紫光股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000938)) and its financial controller during the period from August 2009 to June 2012. Since January 2015, Mr. ZHENG has been the vice president of Tsinghua Holdings Co., Ltd (清華控股有限公司). Mr. ZHENG has over 29 years of experience in management and finance. He obtained a Bachelor of Chemical Engineering from Tsinghua University in 1985 and completed the postgraduate courses of the Technical and Economic Department of Chemical Engineering at the same university in 1988.

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "**Directors**" or the "**Board**") of Gemini Investments (Holdings) Limited (the "**Company**") is committed to establish and maintain high standards of corporate governance — the process by which the Company is directed and managed, risks of the Company and its subsidiaries (the "**Group**") are identified and controlled, and accountability to all shareholders of the Company is assured.

This corporate governance report (the "**Corporate Governance Report**") is to outline the major principles of the Company's corporate governance. Shareholders of the Company are encouraged to make their views known to the Group if they have issues with the Company's corporate governance and to directly raise any matters of concern to the chairman of the Board (the "**Chairman**" or the "**Chairman of the Board**").

For the financial year of the Company ended 31 December 2014 (the "**Year**") under review, the Company has complied with the applicable code provisions (the "**Code Provisions**") of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as and when they were/are in force, except for the following Code Provisions:

(a) Code Provision A.1.1 requires that the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, two regular Board meetings and three irregular Board meetings were held. Although the Board meetings held during the Year were not convened on a quarterly basis, the Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive Directors. In addition, senior management of the Group provided to the Directors the information on the activities and development in the business of the Group from time to time and, when required, ad hoc Board meetings will be held;

(b) Code Provision A.2.7 requires that the Chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. Although the Chairman did not hold a meeting with the non-executive Directors without the presence of executive Directors during the Year, he delegated the chief executive officer of the Company to gather any concerns and/or questions that the non-executive Directors and the independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

(c) Code Provision A.6.7 requires that independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other pre-arranged business commitments which had to be attended by Mr. LI Ming, the Honorary Chairman of the Board and a non-executive Director, and Mr. ZHENG Yun, an independent non-executive Director, respectively:

    (i) Mr. LI Ming was not present at the annual general meeting of the Company held on 25 April 2014 and the two extraordinary general meetings of the Company which were held on 23 December 2014 and 31 December 2014 respectively; and

(ii) Mr. ZHENG Yun was not present at the extraordinary general meeting of the Company which was held on 23 December 2014; and

(d) Code Provision E.1.2 requires that the Chairman of the Board should attend the annual general meeting of the Company. Due to other pre-arranged business commitments which had to be attended by Mr. LI Ming, the Honorary Chairman of the Board, he was not present at the annual general meeting of the Company held on 25 April 2014.

BOARD OF DIRECTORS

Board composition

As at 31 December 2014, the Board consisted of a total of eight members, including three executive directors (the "**Executive Directors**"), two non-executive directors (the "**Non-Executive Directors**") whereas one of whom was the Honorary Chairman, and three independent non-executive directors (the "**Independent Non-Executive Directors**"). The name and biographical details of each Director are set out on pages 13 to 16 of this annual report.

During the Year, a total of five Board meetings (of which two were regular Board meetings and three were irregular Board meetings) and one annual general meeting (the "**AGM**" which was held on 25 April 2014) and two extraordinary general meetings of the Company (the "**EGM**" which were held on 23 December 2014 and 31 December 2014 respectively) were held. The individual attendance record of each Director at such meetings is tabulated as follows:

	Number of meeting attended in person/held		
	Board meetings	**AGM**	**EGM**
Directors			
Mr. LI Ming (the Honorary Chairman of the Board)	0/5	0/1	0/2
Mr. SUM Pui Ying (the chief executive officer of the Company (the "**Chief Executive Officer**"))	4/5	1/1	2/2
Mr. LI Zhenyu (the chief operating officer of the Company (the "**Chief Operating Officer**"))	4/5	0/1	1/2
Mr. LAI Kwok Hung, Alex	5/5	1/1	1/2
Mr. LI Hongbo	4/5	1/1	2/2
Mr. LAW Tze Lun	5/5	1/1	2/2
Mr. LO Woon Bor, Henry	5/5	1/1	2/2
Mr. ZHENG Yun	4/5	1/1	1/2

All the Directors have access to relevant and timely information. They also have access to the advice and services of the company secretary of the Company (the "**Company Secretary**"), who is responsible for providing the Directors with Board papers and related materials. Where queries are raised by the Directors, prompt and full responses will be given if possible.

Should a potential conflict of interest involving a substantial shareholder of the Company or a Director arise, the matter will be discussed in a physical Board meeting, as opposed to being dealt with by a written resolution. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues.

Independent Non-Executive Directors are identified in all corporate communications containing the names of the Directors. An updated list of the Directors identifying the Independent Non-Executive Directors and the roles and functions of the Directors is maintained on the website of the Company at www.geminiinvestments.com.hk and the website of the Stock Exchange.

Roles and responsibilities

The Board is collectively responsible for promoting the success and interest of the Group through its leadership and supervision. The principal tasks of the Board are to:

— provide entrepreneurial leadership for the Company with a framework of prudent and effective controls which enable risks to be assessed and managed;

— set the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review its management performance; and

— set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

No event or condition of material uncertainties was found that may cast significant doubt about the Company's ability to continue as a going concern during the Year. The Directors were responsible for the preparation and the true and fair presentation of the financial statements of the Company, in all material respects, in accordance with applicable regulatory requirements.

Skills, knowledge, experience and attributes of Directors

Every Director commits to give sufficient time and attention to the affairs of the Company. The Directors also demonstrate their understanding and commit to high standards of corporate governance. The Executive Directors bring their perspectives to the Board through their deep understanding of the Group's business. The Non-Executive Directors and the Independent Non-Executive Directors contribute their own skills and experience, understanding of local and global economies, and knowledge of capital markets to the Group's business. The Company is responsible for arranging and funding suitable continuous professional development programmes for all Directors to hone and refresh their knowledge and skills.

Division of responsibilities between the Board and management

While the Board is responsible for directing and approving the Group's overall strategies, the Group also has formed strong management teams in its business areas, with authority and responsibility for developing and exercising both operational and non-operational duties. The management team members of the Group have a wide range of skills, knowledge and experience necessary to govern the Group's operations. All management team members are required to report directly to the Chief Executive Officer on a regular basis to report business performance and operational and functional issues of the Group. This will allow the Group's management to allocate resources more efficiently for its decision-making and facilitate its daily operations.

The Board and the Group's management fully appreciate their respective roles and are committed to good corporate governance. The Board is responsible for overseeing the processes by which the management identifies business opportunities and risks. The Board's role is not to manage the day-to-day business operations of the Group. The Board delegates the authority and responsibility for implementing the day-to-day operations, business strategies and management of the Group's businesses to the executive Directors, senior management and certain specific responsibilities to the Board committees.

The Board has set up a formal schedule for the Board's decisions, which include establishment of the Group's long term objectives and commercial strategy, changes of the Group's corporate structure, approval of material transactions, corporate governance and internal control. Matters which the Board considers suitable for delegation to its committees are contained in the specific terms of reference of its committees. The terms of reference clearly define the powers and responsibilities of the Board committees. In addition, the Board will receive reports and/or recommendations from time to time from the Board committees on any matter significant to the Group.

Training

Each newly appointed Director, executive or non-executive, is required to undertake an induction program to ensure that he has a proper understanding of his duties and responsibilities.

Pursuant to the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Year, the Directors participated in the following continuous professional development activities:

Directors	Type of trainings (Note 1)
Mr. LI Ming	a, b
Mr. SUM Pui Ying	a, b
Mr. LI Zhenyu	a, b
Mr. LAI Kwok Hung, Alex	a, b
Mr. LI Hongbo	a, b
Mr. LAW Tze Lun	a, b
Mr. LO Woon Bor, Henry	a, b
Mr. ZHENG Yun	a, b

Note 1:

a: attending seminar or training session

b: reading newspapers, journals and updates relating to economy, general business or directors' duties and responsibilities etc.

Directors' and officers' liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify its Directors and officers in respect of legal actions against the Directors and officers. Throughout the Year, no claim had been made against the Directors and the officers of the Company.

Independent advice

The Board and its committees may seek advice from independent professional advisors whenever it considers appropriate. Each Director, with the consent of the Chairman of the Board and/or the chairman of the audit committee, may seek independent professional advice on matters connected with the Company to perform his/her responsibilities, at the Group's expense. No Director had exercised his/her right for independent professional advice during the Year. The independent board committee (established from time to time) which consists of all Independent Non-Executive Directors, has sought independent professional advices for connected transactions of the Company during the Year.

Independence of Non-Executive Directors

Three Independent Non-Executive Directors, namely Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Mr. ZHENG Yun were considered to be independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules. The Company has received a written confirmation of independence from each of the Independent Non-Executive Directors. They were free from any business relationship or other circumstances that could materially interfere with the exercise of their independent or objective judgments. Also, the three Independent Non-Executive Directors, representing over one-third of the Board, constituted a proper balance of power maintaining full and effective control of both the Group and its executive management. No Independent Non-Executive Directors have served the Company for more than 9 years.

Relationships and associations among the Directors

There was no relationship between members of the Board (including financial, business, family or other material/relevant relationship(s)).

Chairman and Chief Executive Officer

The Code Provision A.2.1 of the CG Code stipulates that the roles of the Chairman of the Board and the Chief Executive Officer should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman and the Chief Executive Officer should be clearly stated. The Company fully supports such a division of responsibilities between the Chairman and the Chief Executive Officer in order to ensure a balance of power and authority. The positions of the Chairman and the Chief Executive Officer are segregated and are held by Mr. LI Ming and Mr. SUM Pui Ying respectively. These positions have clearly defined separate responsibilities.

The main responsibility of the Chairman is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. Supported by the members of committees of the Board, the Chief Executive Officer is responsible for the day-to-day management of the Group's business, recommending strategies to the Board, and determining and implementing operational decisions.

Appointment, re-election and removal

The current service contract of Mr. LI Ming as a Non-Executive Director and the Honorary Chairman has a term of 2 years commencing from 9 August 2013, subject to early termination by either party giving the other not less than two months' prior notice in writing. Under the above service contract, the remuneration of Mr. LI is HK$1.0 per annum.

The current service contract of Mr. SUM Pui Ying as an Executive Director and Chief Executive Officer has a term of 3 years commencing from 9 August 2013, subject to early termination as provided in the contract. Under the terms of the service contract, Mr. SUM is entitled to terminate the service contract by giving a prior written termination notice of not less than 6 months before expiry of its fixed term whilst the Company will be entitled to terminate the service contract without cause by payment of termination compensation to Mr. SUM before expiry of its fixed term. Under the terms of the service contract, Mr. SUM will be entitled to a fixed salary of HK$3.0 million per annum and an annual bonus equivalent to 5% of the audited consolidated net profit of the Group after tax for the immediate preceding financial year of the Company with such annual bonus to accrue on a daily basis. The terms of the service contract also provide for the grant of options to Mr. SUM to subscribe for a total of 16,000,000 ordinary shares of the Company at an exercise price of HK$0.96 per share. Under the terms of the service contract, if the Company decides to terminate the service contract without cause before expiry of its fixed term or if Mr. SUM's employment under the service contract lapses automatically by reason of his not being re-elected as a Director at any general meeting of the Company, the Company may be required to pay to Mr. SUM a termination compensation equivalent to more than one year's emoluments. Details of the terms of the service contract have been disclosed in the circular of the Company dated 23 August 2013.

The current service contract of Mr. LI Zhenyu as an Executive Director and Chief Operating Officer expired on 1 January 2015. Therefore, he renewed his service contract with the Company on 2 January 2015. The term of his renewed service contract is for a period of 1 year commencing from 2 January 2015, subject to early termination by either party giving the other not less than two months' prior notice in writing. His remuneration is HK$180,000 per annum.

The current service contract of Mr. LAI Kwok Hung, Alex as an Executive Director has a term of 2 years commencing from 9 August 2013, subject to early termination by either party giving the other not less than two months' prior notice in writing. Under the above service contract, the remuneration of Mr. LAI Kwok Hung, Alex is HK$180,000 per annum.

The current service contract of Mr. LI Hongbo as a Non-Executive Director expired on 1 January 2015. Therefore, he renewed his service contract with the Company on 2 January 2015. The term of his renewed service contract is for a period of 1 year commencing from 2 January 2015, subject to early termination by either party giving the other not less than two months' prior notice in writing. His remuneration is HK$180,000 per annum.

Messrs. LAW Tze Lun, LO Woon Bor, Henry and ZHENG Yun, were all appointed as Independent Non-Executive Directors for a term of 3 years commencing from 2 January 2013 pursuant to their current appointment letters with the Company, subject to early termination by either party giving the other not less than one month's prior notice in writing. Under the above appointment letters, the remuneration of each of them is HK$180,000 per annum.

All Directors are subject to retirement by rotation and re-election at the AGM at least once every three years pursuant to the Articles of Association of the Company (the "**Articles**").

Pursuant to Article 116, Messrs. LI Hongbo, LAW Tze Lun and LO Woon Bor, Henry, being three of the Directors who have been longest in office since their last election, will retire from office of the Board by rotation at the forthcoming AGM and offer themselves for re-election.

BOARD COMMITTEES

The Board has set up four board committees, namely, the audit committee, the remuneration committee, the nomination committee and the investment committee (collectively the "**Board Committees**"), for overseeing particular aspects of the Company's affairs. The table below provides membership information of these committees on which each Board member serves.

Board Committee	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee
Directors				
Mr. LI Ming (NED)	—	—	C	—
Mr. SUM Pui Ying (ED)	—	—	M	C
Mr. LI Zhenyu (ED)	—	—	—	M
Mr. LAI Kwok Hung, Alex (ED)	—	—	—	M
Mr. LAW Tze Lun (INED)	C	C	M	M
Mr. LO Woon Bor, Henry (INED)	M	M	M	—
Mr. ZHENG Yun (INED)	M	M	M	—

Notes:

C	Chairman of the relevant Board committee
M	Member of the relevant Board committee
ED	Executive Director
NED	Non-Executive Director
INED	Independent Non-Executive Director

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The attendance of each individual committee member at the Board Committee meetings held during the Year is summarised below.

	Number of meeting attended/held			
	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee
Mr. LI Ming	—	—	0/1	—
Mr. SUM Pui Ying	—	—	0/1	1/1
Mr. LI Zhenyu	—	—	—	1/1
Mr. LAI Kwok Hung, Alex	—	—	—	1/1
Mr. LAW Tze Lun	2/2	1/1	1/1	1/1
Mr. LO Woon Bor, Henry	2/2	1/1	1/1	—
Mr. ZHENG Yun	2/2	1/1	1/1	—

Nomination Committee

The nomination committee of the Board (the "**Nomination Committee**") meets formally at least once a year.

A Nomination Committee meeting was held during the Year. The following is a summary of the work performed by the Nomination Committee during the Year:

(a) reviewing and evaluating the composition of the Board with reference to certain criteria. These criteria included qualifications required under the Listing Rules or any other relevant laws regarding characteristics and skills of the Directors, professional ethics and integrity, appropriate professional knowledge and industry experience, as well as ability to devote sufficient time to the work of the Board and its committees and to participate in all Board meetings and shareholders' meetings;

(b) reviewing and recommending the re-appointment of the retiring Directors;

(c) assessing independence of the Independent Non-Executive Directors; and

(d) reviewing and recommending the renewal of the director's service contract of Mr. LI Zhenyu and Mr. LI Hongbo.

According to the written terms of reference of the Nomination Committee which can be viewed on the website of the Company at www.geminiinvestments.com.hk and the website of the Stock Exchange, the major responsibilities of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of the Independent Non-Executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Chief Executive Officer.

As the Company recognises that having a board diversity policy can enhance the quality of its performance, under the recommendation of the Nomination Committee, the Board has adopted a board diversity policy in compliance with Code Provision A.5.6 of the CG Code. Pursuant to the board diversity policy of the Company, in designing the Board's composition so as to achieve board diversity, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of the candidates will be taken into account. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Remuneration committee

The remuneration committee of the Board (the "**Remuneration Committee**") had met once during the Year. Its primary objective is to ensure that the Company can recruit, retain and motivate high-calibre staff in order to reinforce the success of the Company and create value for its shareholders.

Roles and functions

According to the written terms of reference of the Remuneration Committee which can be viewed on the website of the Company at www.geminiinvestments.com.hk and the website of the Stock Exchange, the Remuneration Committee has adopted the model to make recommendations to the Board on the remuneration packages of individual Executive Director(s) and senior officers including benefits in kind, pension rights and compensation payment comprising any compensation payable for loss or termination of their office or appointment. It also makes recommendations to the Board on the remuneration of Non-Executive Directors. Its principal role is to assist the Board to oversee the policy and structure of the remuneration of the Executive Director(s) of the Company and senior officers of the Group.

The following is a summary of work performed by the Remuneration Committee during the Year:

(a) formulating and recommending the policy and structure of the remuneration of the Directors and senior officers of the Group to the Board;

(b) assessing individual performance of the Directors and senior officers of the Group;

(c) reviewing specific remuneration packages of the Directors and senior officers of the Group with reference to the Board's corporate goals and objectives as well as individual performances;

(d) reviewing and making recommendations to the Board on compensation-related issues; and

(e) reviewing and recommending the renewal of the director's service contract of Mr. LI Zhenyu and Mr. LI Hongbo.

Principles of remuneration policy

The principles of the Group's remuneration policy:

— were applied to all Directors and senior officers of the Group for the Year and, so far as practicable, shall be applied to them for subsequent years;

— were sufficiently flexible taking into account future changes in the Company's business environment and remuneration practice;

— allowed remuneration arrangement to be designed to support the business strategy of the Group and to align with the interests of the Group's shareholders;

— aimed at setting appropriate reward levels to reflect the competitiveness in the market in which comparable companies and the Group had been operating during the Year so as to retain individuals with outstanding performance;

— maintained performance-related remuneration basis for the Executive Directors and senior officers of the Group; and

— required that performance-related remuneration be subject to satisfactory performance over short and long term targets, and the targets be set and assessed in the context of the Group's prospects, the prevailing economic environment in which it operates and the relative performance of comparable companies.

Remuneration structure

Under the above remuneration policy, the remuneration package of each Executive Director and senior officer of the Group during the Year was structured to include:

— an appropriate rate of base compensation for the job of each Executive Director and senior officer of the Group;

— competitive benefit programs; and

— sets of performance measures and targets for performance-related annual and long-term incentive plans based on the appropriate independent advice and/or an assessment of the interests of shareholders of the Company and taking into account an appropriate balance of risk and reward for the Directors and other participants.

Audit Committee

The audit committee of the Board (the "**Audit Committee**") consisted of three Independent Non-Executive Directors, namely Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Mr. ZHENG Yun. Mr. LAW Tze Lun has the appropriate professional accounting qualification and served as the chairman of the Audit Committee during the Year.

The Audit Committee had met twice during the Year. The external auditors, the Executive Directors and the Group's finance manager were invited to attend these two Audit Committee's meetings.

The Audit Committee is provided with sufficient resources to perform its duties. Latest terms of reference of the Audit Committee can be viewed on the website of the Company at www.geminiinvestments.com.hk and the website of the Stock Exchange.

The major roles of the Audit Committee include the following:

(a) to act as the key representative body for overseeing the relationship with the external auditors;

(b) to review the Company's annual and interim financial statements; and

(c) to evaluate the effectiveness of the Group's internal control and risk management systems.

During the Year, the Audit Committee had performed the following work (in summary):

— The Audit Committee assisted the Board in assuring the integrity of the Company's financial statements. It evaluated and made recommendations to the Board about the appropriateness of accounting policies and practices, areas of judgment, compliance with Hong Kong Financial Reporting Standards and other legal requirements, and the results of external audit. It reviewed interim and annual financial statements of the Company, reported its work and findings to the Board and made recommendations on specific actions or decision for the Board to consider after each Audit Committee's meeting. Minutes of the Audit Committee's meetings were kept by the Company Secretary and made available to all Directors.

— The Audit Committee also managed the relationship with the external auditors on behalf of the Board. It made recommendation to the Board on the appointment of the external auditors and the relevant terms of engagement, including remuneration. The Audit Committee was required to review the integrity, independence and objectivity of the external auditors. Also, it examined the external auditors' independence including its engagement of non-audit services. Based on the review of the Audit Committee, the Board was satisfied that the external auditors were independent. The external auditors had also expressed an opinion on their reporting responsibilities in the "Independent Auditor's Report" set out on pages 58 to 59 of this annual report.

— The Audit Committee was required to ensure that the system of internal control of the Group was in place for identifying and managing risks. The Audit Committee had reviewed the effectiveness of internal controls for the Year. Such review covered financial, operational and compliance controls and risk assessment of the Group. The Board was satisfied that the effectiveness of the internal controls of the Group had been properly reviewed by the Audit Committee.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance duties as required under the CG Code:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of the Directors and senior officers of the Group;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the codes of conduct applicable to employees and the Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

During the Year, the Board considered the following corporate governance matters:

— review of the compliance with the CG Code; and

— review of the effectiveness of the internal controls and risk management systems of the Group through the Audit Committee.

INTERNAL CONTROLS

It is the responsibility of the Board to ensure that the Group maintains sound and effective internal controls to safeguard the shareholders' interests and assets of the Group. Each year the Board through the Audit Committee reviews the effectiveness of the Group's system of internal controls and reports the results of the review to the shareholders.

This annual review typically covers all material controls, including financial, operational and compliance controls and risk management functions, and considers the adequacy of resources, qualification and experience of staff, training programmes and budget of the Company's accounting and financial reporting function.

During the Year, the Board has through the Audit Committee reviewed the effectiveness of the internal control system of the Group and considered such internal control system effective and adequate. Also, the Board is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size and nature of the Group's business. The situation will be reviewed from time to time.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirements under the CG Code.

(a) Convening a general meeting on requisition by shareholders of the Company

Shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings can submit a written request to the Company to call a general meeting pursuant to section 566 of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong (the "**New Companies Ordinance**")).

The written request must:

(a) state the general nature of the business to be dealt with at the meeting; and

(b) be authenticated by the shareholder(s) making the request.

The written request may include the text of a resolution that may properly be moved and is intended to be moved at the meeting, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at that general meeting.

The shareholder(s) of the Company can send the written request to the Company's registered office at Room 3902, 39th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong for the attention of the Company Secretary.

If the Directors do not within 21 days from the date of the deposit of the written request proceed to call a general meeting for a day not more than 28 days after the date of the notice convening the general meeting, the shareholder(s) who requested the meeting, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a general meeting, but any such general meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call the general meeting.

(b) Procedures for directing shareholders' enquiries to the Board

Shareholders can put enquiries to the Board. All enquiries shall be in writing and sent by post to the registered office of the Company at Room 3902, 39th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong, for the attention of the Company Secretary.

(c) Moving a resolution at an AGM

Shareholder(s) of the Company can submit a written request to move a resolution at an AGM of the Company pursuant to Section 615 of the New Companies Ordinance if:

(a) they represent at least 2.5% of the total voting rights of all shareholders of the Company having a right to vote at the AGM; or

(b) the number of such shareholders represent at least 50 shareholders who have a right to vote at the AGM.

The written request must:

(a) state the resolution, which may be accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the AGM; and

(b) be authenticated by the shareholder(s) making the request.

The written request can be sent to the Company's registered office at Room 3902, 39th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong for the attention of the Company Secretary, and it must be received by the Company not later than 6 weeks before the AGM or if later, the time at which notice is given of that AGM.

(d) Proposing Directors for election at general meetings

In respect of proposing a person for election as a director of the Company at general meetings, please refer to the procedures available on the website of the Company at www.geminiinvestments.com.hk.

Constitutional documents

At the EGM held on 23 December 2014, the adoption of a new articles of association of the Company (the "**New Articles**") was approved by shareholders of the Company and took effect on 23 December 2014. Set out below is a summary of the major areas of amendments incorporated into the previous articles of association of the Company (valid before 23 December 2014, the "**Previous Articles**"):

I. Amendments to incorporate the terms of the Convertible Preference Shares in the New Articles

A new Article 5A has been added to the New Articles which specifically sets out the rights and restrictions of the convertible preference shares issued by the Company on 23 December 2014 (the "**Convertible Preference Shares**"), which include the rights to dividend, capital and voting, the terms (including restrictions) of conversion of the Convertible Preference Shares, the conversion price and adjustments to the conversion price, procedures for conversion of the Convertible Preference Shares, restrictions on transfer of the Convertible Preference Shares, non-redemption of the Convertible Preference Shares, and undertaking by the Company relating to issue of new ordinary shares of the Company.

II. Amendments to incorporate changes under the New Companies Ordinance

The New Articles is based on the Previous Articles with changes primarily to bring the Previous Articles in line with changes introduced by the New Companies Ordinance. The key areas of such changes are as follows:

(a) Abolition of memorandum of association

Under the New Companies Ordinance, the requirement for a Hong Kong company to have a memorandum of association is abolished. The New Articles shall become the single constitutional document of the Company. As there is no longer the need for Hong Kong companies to have an object clause to define the scope of corporate capacity and in line with the New Companies Ordinance, the object clause in the memorandum of association of the Company will be deleted and has not been retained in the New Articles.

Certain consequential amendments are incorporated into the New Articles as a result of the abolition of the existing memorandum of association of the Company, including the migration of relevant provisions into the New Articles to state the Company's name and the limited liability of members.

(b) No par regime for share capital

The New Companies Ordinance has adopted a mandatory system of no par for all Hong Kong incorporated companies having a share capital, and therefore retires the concept of par value for all shares.

As a result of the adoption of the no par regime, the New Articles has removed references to par or nominal value of shares and modified the provisions concerning the alteration of share capital.

(c) References to authorised share capital, share premium, share premium account and capital redemption reserve becoming redundant

Adoption of the no par regime also leads to the following changes being incorporated into the New Articles: (i) removal of references to authorised share capital; (ii) removal of references to share premium and share premium account as shares are no longer issued at a premium to par value; and (iii) removal of references to capital redemption reserve as shares no longer have par value and therefore no transfer is made to a capital redemption reserve when shares are redeemed or bought back by the Company.

(d) Repeal of power to issue stock, bearer warrants and to convert shares into stock

The New Companies Ordinance has repealed the powers of a company to issue stock, bearer warrants and to convert shares into stock. Accordingly, articles or references relating to such powers have been removed.

(e) Request for a statement of reasons for the refusal to register transfer of shares

In compliance with the new requirement under the New Companies Ordinance, the New Articles provide that the Company shall provide a statement of reasons for refusal of registration of a transfer of shares within 28 days, if required by the transferor or the transferee of the shares.

(f) Notice periods for holding general meetings

Under the New Companies Ordinance, the minimum notice period for convening a general meeting (other than an annual general meeting), whether for passing ordinary resolution(s) or special resolutions(s), has been changed from 21 days to 14 days. Accordingly these changes have been reflected in the New Articles.

(g) Multiple locations for holding general meetings

As permitted by the New Companies Ordinance, the New Articles allow the Company to hold general meetings in more than one location using any technology that enables the members who are not together at the same place to listen, speak and vote at the meetings.

(h) Special business in general meetings

The New Companies Ordinance has abolished the distinction between general business and special business in a general meeting. As such concept is no longer found in the New Companies Ordinance, the New Articles has removed the relevant references for the sake of consistency with the requirements of the New Companies Ordinance.

(i) Poll

Under the New Companies Ordinance, the threshold for demanding a poll has been lowered from 10% to 5% of the total voting rights of all members having the right to vote at a general meeting. These changes have been reflected in the New Articles.

To align with the duty of the chairman of a meeting to demand a poll under the New Companies Ordinance, provisions have been included in the New Articles to require the chairman of the meeting to demand a poll if the chairman of the meeting, before or on the declaration of the result on a show of hands, knows from the proxies received by the Company that the result on a show of hands will be different from that on a poll.

(j) Timing for deposit of proxy

For the purpose of complying with the New Companies Ordinance, provisions have been added in the New Articles that the instrument appointing a proxy and power of attorney or other authority shall be received by the Company (i) for a general meeting or adjourned general meeting, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting; and (ii) for a poll taken more than 48 hours after it was demanded, not less than 24 hours before the time appointed for taking the poll and that any public holiday shall be excluded from being counted towards the time for depositing proxy.

(k) Appointment of proxy by electronic means

Under the New Companies Ordinance, so long as a company has provided an electronic address in the instrument of proxy issued by a company, a shareholder may send an instrument appointing a proxy to the company through electronic means. The Company has incorporated provisions in the New Articles to allow members to send instruments of proxy to the Company by electronic means.

(l) ***Validity of the vote given by proxy***

The New Articles include a provision that a vote given by proxy shall be valid notwithstanding the previous death or mental incapacity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy was executed, provided that no intimation in writing of such death, mental incapacity or revocation shall have been received by the Company at its registered office, (i) at least 48 hours before the time fixed for holding the meeting or adjourned meeting or (ii) in the case of a poll taken more than 48 hours after it was demanded, at least 24 hours before the time appointed for the taking of the poll.

(m) ***Scope of Directors' disclosure of interests***

The New Companies Ordinance has widened the scope of the requirement for declaration of a Director's interest by requiring a Director to declare the nature and extent of the interest of himself and his connected entities and the direct or indirect interest in any transaction, contract or arrangement of himself and his connected entities and to specify the timing and procedures of declaration of such interests by a Director in accordance with the New Companies Ordinance. These changes have been reflected in the New Articles.

(n) ***Execution of documents under seal***

Under the New Companies Ordinance, the keeping and use of the common seal of a company has become optional. The New Articles has included provisions to allow the Company to execute a document as a deed without using its common seal as permitted under the New Companies Ordinance.

(o) ***Notice and/or documents to be sent by electronic means or other means***

The New Articles allow notice of Directors' meetings to be sent to a Director by electronic means or by making the same available on a website, subject to the consent of such Director.

The New Articles also allow the Company to send notices and/or documents to members through electronic means or display on the Company's website.

III. Amendments to incorporate other ancillary changes

The New Articles has incorporated other consequential changes which result from the above changes and ancillary changes, which includes allowing (i) a written board resolution of the Company to be validly passed if it is signed by all Directors except those Directors who are temporarily unable to act through ill-health or disability, (ii) members of the Board committees to pass resolutions in writing by signing the resolutions, (iii) the Board to appoint attorney by instrument executed as a deed without using the seal of the Company, and (iv) the Company to purchase and maintain insurance for any Director or other officers of the Company in relation to their liabilities to the Company or an associated company (as defined in the New Companies Ordinance) of the Company, subject to the provisions of and so far as may be permitted by the New Companies Ordinance, for the sake of keeping the New Articles more in line with the practice of the Company.

Certain amendments to the Previous Articles includes revising or adding certain terms, expressions or provisions in the New Articles in line with the New Companies Ordinance or the Listing Rules, using defined terms as appropriate, expressly stating certain provisions to be subject to or in compliance of the New Companies Ordinance or the Listing Rules, correcting certain typographical errors, and fine-tuning the Previous Articles.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibilities for the preparation of the financial statements of the Company for each financial year, which should give a true and fair view of the state of affairs, results and cash flow of the Group for that year in compliance with relevant laws and disclosure provisions of the Listing Rules.

In preparing the financial statements for the Year, the Directors adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations.

The financial statements for the Year have been prepared by the Directors on a going concern basis. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. A statement by the external auditors of the Company regarding their reporting responsibilities on the accounts of the Group is set out in the "Independent Auditor's Report" on pages 58 to 59 in this annual report.

Auditors' Remuneration

The Board, based on the recommendation of its Audit Committee, approved the appointment of Messrs. BDO Limited ("**BDO**") as the Group's external auditor to perform audit services for the Group for the Year. BDO has been appointed as the external auditor of the Group on 30 April 2012 since Messrs. Deloitte Touche Tohmatsu ("**Deloitte**") was retired as the Group's external auditors on the same date.

During the Year, total fees paid to BDO amounted to HK$1,273,000, of which HK$523,000, or approximately 41%, were fees for non-audit services. Details of such non-audit services and the related amount are as follows.

Review of interim financial information for the six months ended 30 June 2014	HK$245,000
Annual review of continuing connected transaction	HK$10,000
Other reporting services in respect of the Group's acquisition, very substantial transaction and major transaction	HK$268,000

CODES FOR SECURITIES TRANSACTION BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors, following specific enquiries made by the Company, have confirmed that they have complied with the required standard as set out in the Model Code during the Year.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees who, because of office or employment, are likely to be in possession of inside information in relation to the Company's securities has been requested to follow such code when dealing in the securities of the Company.

GEMINI INVESTMENTS (HOLDINGS) LIMITED (THE "COMPANY")

It is the pleasure of the directors of the Company (the "**Directors**" or the "**Board**") to present to the shareholders their report (the "**Directors' Report**") and the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2014 (the "**Year**").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in property investment, securities investment, fund investment and fund management business. The principal activities of its subsidiaries are set out in Note 40 to the consolidated financial statements of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated income statement of the Group on page 60 of this annual report.

The Board did not recommend the payment of a final dividend for the Year.

SHARE CAPITAL

Exercise of share options

During the Year, the Company issued a total of 2,600,000 ordinary shares (the "**Shares**"). Details of the issue and allotment of such Shares are set out as follows:

Date of issue	**Number of Shares issued** *(Note)*	**Exercise price per Share** *(HK$)*
27 October 2014	1,650,000	1.40
	900,000	0.96
31 October 2014	50,000	1.40

Note:

These Shares were issued pursuant to exercise of share options granted under the existing share option scheme of the Company.

As a result of the above, as of 31 December 2014, the Company's total issued Shares had been increased to 448,100,000 Shares, increasing by 2,600,000 Shares compared with last year.

Issue of convertible preference shares

On 26 October 2014, the Company entered into a subscription agreement (as supplemented by a supplemental agreement dated 24 November 2014, collectively known as the "**CPS Subscription Agreement**") with Grand Beauty Management Limited (the "**Subscriber**", an indirect wholly-owned subsidiary of Sino-Ocean Land Holdings Limited), pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for 1.3 billion non-voting convertible preference shares (the "**Convertible Preference Shares**") in the capital of the Company at a subscription price of HK$3.0 per Convertible Preference Share with total subscription amount of HK$3.9 billion. The Company has not issued any such Convertible Preference Share before that.

All the Convertible Preference Shares are non-redeemable by the Company and holders of the Convertible Preference Shares shall have no right to request the Company to redeem any of the Convertible Preference Shares. Also, holders of the Convertible Preference Shares are not permitted to attend or vote at meetings of the Company, except for resolution proposed to vary the rights of holders of the Convertible Preference Shares or resolution proposed for the winding-up of the Company.

Holders of the Convertible Preference Shares are entitled to dividends at a floating rate per annum determined and re-set semi-annually with reference to the then annualised yield-to-maturity rate of the 10-year Government Bonds issued by the Hong Kong Government, and such dividends may be reduced or extinguished depending on the amount of net profit after tax of the Group for the relevant financial year. In addition, the Board may, in its sole discretion, elect not to pay dividend on the Convertible Preference Shares in any year, and the dividend not paid shall be extinguished and not be carried forward. Save for the above dividends, the Convertible Preference Shares shall not entitle holders thereof to any further or other right of participation in the profits of the Company.

During the term of the Convertible Preference Shares, holders of the Convertible Preference Shares shall only have the right to convert the Convertible Preference Shares into new ordinary shares of the Company at any time after the end of the period of 5 years commencing from the issue date of the Convertible Preference Shares, at the initial conversion price of HK$3.0 per Convertible Preference Share, subject to adjustments.

Completion of the CPS Subscription Agreement took place on 23 December 2014 and 1.3 billion Convertible Preference Shares have been allotted and issued to the Subscriber. Details of this transaction are set out in the Company's announcements dated 26 October 2014, 24 November 2014 and 23 December 2014 respectively; and the circular of the Company dated 27 November 2014. The net proceeds from the issue of the Convertible Preference Shares (after deducting the expenses for the issue) amounted to approximately HK$3,899.0 million. Out of such net proceeds, approximately HK$3,445.3 million has been or will be applied to finance the following projects or transactions undertaken by the Group (the "**Projects**"):

(i) the capital commitment of approximately US$250.0 million (equivalent to approximately HK$1,939.2 million) into a jointly controlled and managed investment platform of the Group, Sino Prosperity Real Estate Fund L.P., established to invest in real estate projects in the People's Republic of China. Details of this transaction are set out in the announcement of the Company dated 17 November 2014 and the circular of the Company dated 13 December 2014;

(ii) the investment in the general partnership interests, together with certain limited partnership interests, in partnership entities of Rosemont Realty, LLC, a well-established platform principally engaged in the ownership and management of commercial properties in numerous states in the United States. The investment amount of this transaction is approximately US$119.0 million (equivalent to approximately HK$922.5 million). Details of this transaction are set out in the announcement of the Company dated 31 December 2014;

(iii) the investment of US$52.0 million (equivalent to approximately HK$403.6 million) in Neutron Private Equity Fund Limited, a property fund whose investment objective is to achieve medium to long term capital appreciation through investing in one or more collective investment schemes that invest predominantly in real estate and related investments. Details of this transaction are set out in the announcement of the Company dated 29 December 2014 and the circular of the Company dated 25 February 2015; and

(iv) the provision of a loan in the principal amount of HK$180.0 million by Swift Boom Investments Limited (an indirect wholly-owned subsidiary of the Company) to Alpha Advent Ventures Limited. The loan is intended to be used by New Advance Limited (a wholly-owned subsidiary of Alpha Advent Ventures Limited) to finance the acquisition cost and future development cost of the parcel of land with Lot No.758 in Demarcation District No. 332 which is located at Cheung Sha, Lantau Island, New Territories, Hong Kong. Details of this transaction are set out in the announcement of the Company dated 15 January 2015 and the circular of the Company dated 5 February 2015.

The remaining net proceeds of approximately HK$453.7 million after deducting proceeds utilised or reserved for the Projects as mentioned above are intended to fund other potential property investment opportunities available to the Group in the future.

INVESTMENT PROPERTIES

All of the investment properties of the Group were revalued at 31 December 2014, as set out in Note 16 to the consolidated financial statements of the Group.

Particulars of the investment properties of the Group as at 31 December 2014 are set out in "Details of Investment Properties" of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the Year are set out in Note 17 to the consolidated financial statements of the Group.

RESERVES

As at 31 December 2014, the Company's reserves available for distribution to its shareholders comprised the retained profits of approximately HK$187.5 million (2013: of approximately HK$273.6 million).

DISTRIBUTABLE RESERVES

Details of the Company's distributable reserves are set out in Note 28 to the consolidated financial statements of the Group.

DIRECTORS

The Directors of the Company during the Year and up to the date of this Directors' Report were/are:

LI Ming (NED) (Honorary Chairman)
SUM Pui Ying (ED) (Chief Executive Officer)
LI Zhenyu (ED) (Chief Operating Officer)
LAI Kwok Hung, Alex (ED)
LI Hongbo (NED)
LAW Tze Lun (INED)
LO Woon Bor, Henry (INED)
ZHENG Yun (INED)

Notes:

ED	Executive Director
NED	Non-Executive Director
INED	Independent Non-Executive Director

In accordance with Article 116 of the Company's articles of association (the "**Articles of Association**"), at each annual general meeting (the "**AGM**") of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office such that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Therefore, Messrs. LI Hongbo, LAW Tze Lun and LO Woon Bor, Henry, being three of the Directors who have been longest in office since their last election, will retire from office of the Board by rotation at the forthcoming AGM, and, being eligible, offer themselves for re-election.

The Company has received an annual confirmation from each of the Independent Non-Executive Directors with regard to their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and considers that each of the Independent Non-Executive Directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

Except for the service contract for Mr. SUM Pui Ying as disclosed in the paragraph headed "Appointment, re-election and removal" in the Corporate Governance report, which has a fixed period of 3 years commencing from 9 August 2013 and ending on 8 August 2016, no other Director (including any Director proposed for re-election at the forthcoming AGM) has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the transactions as disclosed in the sections headed "Continuing Disclosure Requirements Under Rule 13.21 of Chapter 13 of the Listing Rules", "Connected Transactions" and "Continuing Connected Transaction" below and the related party transactions as disclosed in Note 35 to the consolidated financial statements of the Group, no other contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries is a party, and in which any Director had a material interest (whether directly or indirectly) or to which the controlling shareholder of the Company or any of its subsidiaries is a party, subsisted at the end of the year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors has an interest in any business constituting a competing business to the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares or underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the underlying shares of equity derivatives of the Company

Under the share option scheme of the Company (whose details are further described in the section headed "Share Option Scheme" below), share options were granted to the following Directors which entitled them to subscribe for the Shares. Accordingly, they were regarded as interested in the underlying Shares. Details of the share options of the Company held by them as at 31 December 2014 were as follows:

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 31 December 2014	Exercise price per Share HK$	Approximate percentage of interest in the issued Shares as at 31 December 2014
LI Ming	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	4,000,000 (L)	0.96	0.893%
SUM Pui Ying	Beneficial owner	26 August 2011	26 August 2011 — 22 June 2021	2,000,000 (L)	1.40	0.446%
		9 August 2013	9 August 2013 — 22 June 2021	16,000,000 (L) (Note 1)	0.96	3.571%
			Total:	18,000,000 (L)		4.017%

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 31 December 2014	Exercise price per Share HK$	Approximate percentage of interest in the issued Shares as at 31 December 2014
LI Zhenyu	Beneficial owner	26 August 2011	26 August 2011 — 22 June 2021	4,000,000 (L)	1.40	0.893%
		9 August 2013	9 August 2013 — 22 June 2021	3,000,000 (L)	0.96	0.669%
			Total:	7,000,000 (L)		1.562%
LAI Kwok Hung, Alex	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	3,000,000 (L)	0.96	0.669%
LI Hongbo	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	2,000,000 (L)	0.96	0.446%

Notes:

1. These share options were granted to Mr. SUM Pui Ying pursuant to the terms of a service contract entered into between Mr. SUM Pui Ying and the Company on 9 August 2013. Share options granted to Mr. SUM Pui Ying to subscribe for a total of 4,000,000 Shares had already been vested following the approval of the service contract by the shareholders of the Company on 16 September 2013. The share options to subscribe for the remaining 12,000,000 Shares (the "**Remaining Options**") shall be vested on the basis that one third of the Remaining Options will be vested on the first, second and third anniversaries of 9 August 2013 (being the date of commencement of the term of the service contract), such that the Remaining Options will be fully vested on 9 August 2016, provided however that all those Remaining Options, to the extent not yet vested in accordance with the above schedule, shall become vested immediately if (i) the service contract is terminated by the Company without cause by payment of termination compensation to Mr. SUM Pui Ying or (ii) the employment of Mr. SUM Pui Ying under the service contract lapses automatically by reason of his not being re-elected as a Director at any general meeting of the Company. As the first anniversary of 9 August 2013 has already passed, a further 4,000,000 share options have been vested. Therefore, as at 31 December 2014, a total of 8,000,000 share options were vested in Mr. SUM Pui Ying pursuant to the terms of the service contract.

2. The letter "**L**" denotes a long position in the Shares.

Long position in the shares of associated corporation(s) of the Company

As at 31 December 2014, the interests of the Directors in the shares of Sino-Ocean Land Holdings Limited ("**Sino-Ocean Land**") (being the associated corporation of the Company) were as follows:

Name of Directors	Capacity	Number of shares in Sino-Ocean Land	Approximate percentage of interest in the issued share capital of Sino-Ocean Land as at 31 December 2014
LI Ming	Beneficial owner	3,127,000 (L)	0.042%
	Founder of discretionary trust	127,951,178 (L) (Note 1)	1.711%
	Beneficiary of trust	4,001,200 (L) (Note 2)	0.054%
	Total:	135,079,378 (L)	1.806%
SUM Pui Ying	Beneficial owner	1,685,950 (L)	0.023%
LI Zhenyu	Beneficial owner	402,600 (L)	0.005%
LI Hongbo	Beneficial owner	850 (L)	0.00001%

Notes:

1. The 127,951,178 shares in Sino-Ocean Land are held by a discretionary trust of which Mr. LI Ming is a founder.

2. The 4,001,200 shares in Sino-Ocean Land are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.

3. The letter "**L**" denotes a long position in the shares in Sino-Ocean Land.

Long position in the underlying shares of equity derivatives of associated corporation(s) of the Company

Sino-Ocean Land has adopted two schemes for the benefits of eligible directors and employees of Sino-Ocean Land and its subsidiaries (which include the Company and its subsidiaries) (the "**Sino-Ocean Land Group**") in order to provide an incentive for directors and employees of the Sino-Ocean Land Group.

One of the schemes is the restricted share award scheme adopted by Sino-Ocean Land on 22 March 2010 (the "**Adoption Date**") as an incentive to retain and encourage the employees of the Sino-Ocean Land Group for the continual operation and development of the Sino-Ocean Land Group. Pursuant to the restricted share award scheme, shares up to 3% of the issued share capital of Sino-Ocean Land as at the Adoption Date shall be purchased by the trustee from the market out of cash contributed by the Sino-Ocean Land Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the restricted share award scheme.

The other scheme is the share option scheme of Sino-Ocean Land, which is valid and effective for a period of 10 years until 27 September 2017, unless it is terminated earlier in accordance with the provisions of such share option scheme. This scheme was adopted for the purpose of providing an incentive for employees of the Sino-Ocean Land Group to work with commitment towards enhancing the value of Sino-Ocean Land and to compensate employees of the Sino-Ocean Land Group for their contribution based on their individual performance. Under the share option scheme of Sino-Ocean Land, share options may be granted to eligible directors and employees of the Sino-Ocean Land Group to subscribe for new shares in Sino-Ocean Land.

In respect of the restricted share award scheme of Sino-Ocean Land, the following Directors were granted certain share awards under the restricted share award scheme and were accordingly regarded as having an interest in the shares of Sino-Ocean Land (being the associated corporation of the Company) pursuant to the provisions of the SFO. Details of share awards held by them as at 31 December 2014 were as follows:

Name of Directors	Capacity	Date of grant	Number of shares in Sino-Ocean Land awarded but not yet vested as at 31 December 2014	Approximate percentage of interest in the issued share capital of Sino-Ocean Land as at 31 December 2014
LI Ming	Beneficial owner	18 March 2013	964,500 (L)	0.013%
		18 March 2014	3,109,000 (L)	0.042%
			Total: 4,073,500 (L)	0.054%
SUM Pui Ying	Beneficial owner	18 March 2013	324,750 (L)	0.004%
		18 March 2014	1,047,000 (L)	0.014%
			Total: 1,371,750 (L)	0.018%
LI Zhenyu	Beneficial owner	18 March 2013	81,000 (L)	0.001%
		18 March 2014	196,000 (L)	0.003%
			Total: 277,000 (L)	0.004%
LI Hongbo	Beneficial owner	18 March 2013	117,750 (L)	0.002%
		18 March 2014	147,000 (L)	0.002%
			Total: 264,750 (L)	0.004%

Note: The letter "**L**" denotes a long position in the shares in Sino-Ocean Land.

Regarding the share option scheme adopted by Sino-Ocean Land, the following Directors had been granted share options to subscribe for shares in Sino-Ocean Land and were accordingly regarded as interested in the underlying shares of Sino-Ocean Land (being the associated corporation of the Company) pursuant to the provisions of the SFO. Details of the share options of Sino-Ocean Land held by them as at 31 December 2014 were as follows:-

Name of Directors	Capacity	Date of grant of share options	Exercise period (Note 2)	Number of shares in Sino-Ocean Land over which options are exercisable as at 31 December 2014	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 31 December 2014 relative to the issued share capital of Sino-Ocean Land as at 31 December 2014
LI Ming	Beneficial owner	12 January 2012	(Note 1)	6,280,000 (L)	3.57	0.084%
SUM Pui Ying	Beneficial owner	12 January 2012	(Note 1)	2,330,000 (L)	3.57	0.031%
LI Zhenyu	Beneficial owner	12 January 2012	(Note 1)	781,000 (L)	3.57	0.010%
LI Hongbo	Beneficial owner	12 January 2012	(Note 1)	363,000 (L)	3.57	0.005%

Notes:

1. Exercisable from 12 January 2013 to 11 January 2017.

2. All the above share options of Sino-Ocean Land granted are exercisable within a five-year period in which 40% of the options become exercisable 1 year from the grant date; 70% of the options become exercisable 2 years from the grant date; and all options become exercisable 3 years from the grant date.

3. The letter "**L**" denotes a long position in the shares in Sino-Ocean Land.

As at 31 December 2014, save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

At an extraordinary general meeting (the "**EGM**") of the Company held on 23 June 2011, a share option scheme (the "**Share Option Scheme**") of the Company was approved by the shareholders of the Company. Subject to early termination by the Company in its general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from the date of adoption of the Share Option Scheme (which was in our case 23 June 2011) and will remain in force until 22 June 2021.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the employees (whether full-time or part-time) of each member of the Group (the "**Participants**") and for such other purposes as the Board may approve from time to time. The Board may from time to time grant options under the Share Option Scheme to the Participants to subscribe for new Shares. In determining the basis of eligibility of each Participant, the Board may have absolute discretion to determine whether or not one falls within the meaning of Participants and would take into account such factors as it considers appropriate.

Certain principal terms of the Share Option Scheme are summarized as follows:

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 10% of the issued Shares as at 16 September 2013 (being the date of the EGM on which the Share Option Scheme limit was refreshed and approved by the shareholders of the Company), such 10% being equivalent to 44,550,000 Shares. As at the date of this Directors' Report, options for the subscription of 44,550,000 Shares (representing 9.94% of the issued Shares as at 31 December 2014 and 9.94% of the issued Shares as at the date of this Directors' Report) are available for issue under the Share Option Scheme.

In addition, the maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the issued Shares from time to time.

Unless there is prior approval from the Company's shareholders, the total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period shall not exceed 1% of the issued Shares. Where any further grant of options to a Participant would result in excess of such limit, such further grant must be subject to the approval of the Company's shareholders at general meeting with such Participant and his close associates abstaining from voting.

All offers of the share options under the Share Option Scheme shall remain open for acceptance by the Participants concerned for a period of not less than 10 business days from the date of offer of the option (the "**Offer Date**"), and acceptance of such offers shall be accompanied by a payment of HK$1.0 to the Company within the aforesaid 10 business-day period as consideration for the grant of such option. Options may be exercised by the Participants at any time during a period to be notified by the Board to each grantee at the time of offer of the share options which period shall not be more than 10 years from the date of grant of the options. Unless otherwise determined by the Board, there is no general requirement on the minimum period for which an option must be held before the option can be exercised.

The subscription price in respect of each Share issued pursuant to the exercise of options granted under the Share Option Scheme shall be a price solely determined by the Board and notified to the Participants and shall be at least the higher of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date, which must be a business day; or (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the Offer Date.

Details of share options movements under the Share Option Scheme during the Year were summarized as follows:

			Number of Shares over which options are exercisable						
	Date of grant	Exercise price per Share HK$	Balance as at 1 January 2014 (Note)	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Balance as at 31 December 2014	Exercise period
Directors									
LI Ming	9 August 2013	0.96	4,000,000(L)	—	—	—	—	4,000,000(L)	9 August 2013 – 22 June 2021
SUM Pui Ying	26 August 2011	1.40	2,000,000(L)	—	—	—	—	2,000,000(L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	16,000,000(L) (Note 1)	—	—	—	—	16,000,000(L) (Note 1)	9 August 2013 – 22 June 2021
LI Zhenyu	26 August 2011	1.40	4,000,000(L)	—	—	—	—	4,000,000(L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	3,000,000(L)	—	—	—	—	3,000,000(L)	9 August 2013 – 22 June 2021
LI Hongbo	9 August 2013	0.96	2,000,000(L)	—	—	—	—	2,000,000(L)	9 August 2013 – 22 June 2021
LAI Kwok Hung, Alex	9 August 2013	0.96	3,000,000(L)	—	—	—	—	3,000,000(L)	9 August 2013 – 22 June 2021
Employees of the Group	26 August 2011	1.40	3,600,000(L)	—	1,700,000	—	—	1,900,000(L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	7,400,000(L)	—	900,000	—	—	6,500,000(L)	9 August 2013 – 22 June 2021
Total			45,000,000(L)	—	2,600,000 (Note 2)	—	—	42,400,000(L)	

Notes:

1. These share options were granted to Mr. SUM Pui Ying pursuant to the terms of a service contract entered into between Mr. SUM Pui Ying and the Company on 9 August 2013. Share options granted to Mr. SUM Pui Ying to subscribe for a total of 4,000,000 Shares had already been vested following the approval of the service contract by the shareholders of the Company on 16 September 2013. The share options to subscribe for the remaining 12,000,000 Shares (the "**Remaining Options**") shall be vested on the basis that one third of the Remaining Options will be vested on the first, second and third anniversaries of 9 August 2013 (being the date of commencement of the term of the service contract), such that the Remaining Options will be fully vested on 9 August 2016, provided however that all those Remaining Options, to the extent not yet vested in accordance with the above schedule, shall become vested immediately if (i) the service contract is terminated by the Company without cause by payment of termination compensation to Mr. SUM Pui Ying or (ii) the employment of Mr. SUM Pui Ying under the service contract lapses automatically by reason of his not being re-elected as a Director at any general meeting of the Company. As the first anniversary of 9 August 2013 has already passed, a further 4,000,000 share options have been vested. Therefore, as at 31 December 2014, a total of 8,000,000 share options were vested in Mr. SUM Pui Ying pursuant to the terms of the service contract.

2. The weighted average closing price of the Shares immediately before the dates on which the above options were exercised is HK$1.69.

3. The letter "**L**" denotes a long position in the Shares.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executive's Interests in the Securities of the Company and its Associated Corporations" and in the section headed "Share Option Scheme" above:

(a) at no time during the Year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and

(b) none of the Directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the Year.

CHANGE IN DIRECTOR'S INFORMATION

Change in information on Directors since the date of the Interim Report 2014 of the Company and up to the date of this annual report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. ZHENG Yun, an independent non-executive Director, ceased to be the vice president of Unisplendour Corporation Limited(紫光股份有限公司)(a company listed on the Shenzhen Stock Exchange (stock code: 000938)) and be appointed as the vice president of Tsinghua Holdings Co., Ltd(清華控股有限公司)with effect from 12 January 2015.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 31 December 2014, so far as is known to any Director or chief executive of the Company, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares in respect of equity derivatives of the Company as recorded in the register of substantial shareholders required to be kept under Section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Nature of Interest/capacity	Number of Shares/underlying Shares	Approximate percentage of the issued Shares as at 31 December 2014
Sino-Ocean Land	Interest of controlled corporation (Note 2)	1,612,504,625 (L)	359.85%
Shine Wind Development Limited	Interest of controlled corporation (Note 2)	1,612,504,625 (L)	359.85%
Faith Ocean International Limited	Interest of controlled corporation (Note 2)	1,612,504,625 (L)	359.85%
Sino-Ocean Land (Hong Kong) Limited ("**SOL HK**")	Interest of controlled corporation (Note 2)	1,612,504,625 (L)	359.85%
Grand Beauty Management Limited	Beneficial owner	312,504,625 (L)	69.74%
("**Grand Beauty**")	Beneficial owner	1,300,000,000 (L) (Note 1)	290.11%
	Total:	1,612,504,625	359.85%

Note:

1. These shares represent the 1.3 billion underlying Shares which may be allotted and issued to Grand Beauty, a wholly-owned subsidiary of Sino-Ocean Land, upon exercise in full of the conversion rights attaching to the 1.3 billion non-voting convertible preference shares issued by the Company on 23 December 2014.

2. Grand Beauty was wholly owned by SOL HK. SOL HK was wholly owned by Faith Ocean International Limited which was in turn wholly owned by Shine Wind Development Limited. Shine Wind Development Limited was wholly owned by Sino-Ocean Land. In view of their respective direct or indirect 100% shareholding interest in Grand Beauty, each of SOL HK, Faith Ocean International Limited, Shine Wind Development Limited and Sino-Ocean Land was deemed under the SFO to be interested in the 1,612,504,625 Shares in which Grand Beauty was interested.

3. The letter "L" denotes a long position in the Shares.

Save as disclosed herein, as at 31 December 2014, the Company had not been notified by any persons who had interests or short positions in the Shares or underlying Shares in respect of equity derivatives of the Company which had been recorded in the register of substantial shareholders required to be kept under Section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the Shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate turnover attributable to the Group's five largest customers was approximately 23.29% of the Group's total turnover. The Group's principal businesses are property investments, securities and other investments, fund investments and fund management business, and so the Group did not have five largest suppliers during the Year.

To the best knowledge of the Directors, none of the Directors, their close associates or any shareholders (which, to the knowledge of the Directors, owns more than 5% of the Company's issued Shares) had any interest in any of the Group's five largest customers.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES

A facility agreement dated 1 August 2011 (the "**Facility Agreement**") was entered into between the Company (as borrower), Sino-Ocean Land (a controlling shareholder of the Company, as guarantor) and DBS Bank Ltd., Hong Kong Branch (as lender) (the "**Lender**") in respect of the term loan facility in the principal amount of HK$500.0 million granted to the Company for a term of 36 months after the date of the Facility Agreement.

Pursuant to the Facility Agreement, each of the Company and Sino-Ocean Land shall ensure that Sino-Ocean Land shall at all times remain the single largest shareholder (direct or indirect) of not less than 30% shareholding in the Company and maintain control over the Company, failure of which will become an event of default. In the case of an event of default, the Lender may, by notice to the Company, (a) cancel the commitment or any part of the commitment; (b) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable; (c) declare that all or part of the loans, together with accrued interest, and all or any other amounts accrued or outstanding under the finance documents be payable on demand; and/or (d) exercise any or all of its rights, remedies, powers or discretions under the finance documents.

The Facility Agreement has been renewed prior to the date of its expiry and the new facility agreement dated 23 January 2014 was entered into between the Company, Sino-Ocean Land and the Lender, whereby a renewed term loan facility in the principal amount of HK$500.0 million had been granted to the Company for a term of 36 months after the date of such facility agreement (the "**New Facility Agreement**"). Pursuant to the New Facility Agreement, each of the Company and Sino-Ocean Land shall ensure that Sino-Ocean Land shall at all times remain the single largest shareholder (direct or indirect) of not less than 30% shareholdings in the Company and maintain control over the Company, and a failure to do so will be deemed an event of default under the New Facility Agreement.

CONNECTED TRANSACTIONS

During the Year, the following two transactions have been undertaken by the Group which constitute connected transactions required to be reported in the annual report (of which this Directors' Report form part) under Chapter 14A of the Listing Rules.

The Issue of 1.3 billion non-voting convertible preference shares

The issue of the 1.3 billion Convertible Preference Shares by the Company to the Subscriber under the CPS Subscription Agreement as disclosed in the earlier section headed "Issue of convertible preference shares" constituted a connected transaction undertaken by the Company during the Year, as the Subscriber was the controlling shareholder of the Company and was directly interested in 312,504,625 Shares, representing approximately 70.15% of the issued Shares carrying voting rights as at the date of the CPS Subscription Agreement. The Subscriber and its associates were required to abstain, and had abstained, from voting in respect of the resolutions approving the CPS Subscription Agreement and the transactions contemplated thereunder. The CPS Subscription Agreement and the transactions contemplated thereunder were approved by the independent shareholders of the Company at the EGM held on 23 December 2014.

Capital commitment into an investment fund

On 17 November 2014, Chance Bright Limited ("**Chance Bright**", a wholly-owned subsidiary of the Company) entered into (i) a subscription agreement with Sino Prosperity Real Estate (GP), L.P. (the "**General Partner**") and Sino Prosperity Real Estate Fund L.P. (the "**Fund**") (the "**Subscription Agreement**"); and (ii) a second GP amendment agreement with Sino Prosperity Real Estate Limited and China Corporate Assets Holdings Limited ("**CCAH**") (the "**Second GP Amendment Agreement**"). Pursuant to the Subscription Agreement, Chance Bright agreed to increase its capital commitment to the Fund by US$250.0 million and pursuant to the Second GP Amendment Agreement, each of CCAH and Chance Bright agreed to increase their respective capital commitments to the General Partner by US$3.95 million so as to maintain their respective capital commitments to the General Partner on an equal basis (the capital commitments by Chance Bright mentioned in (i) and (ii) above are collectively known as "**Capital Commitment**").

As the Capital Commitment may be funded by the proceeds to be raised by the issue of the 1.3 billion Convertible Preference Shares to a wholly-owned subsidiary of Sino-Ocean Land, a controlling shareholder and a connected person of the Company, the Capital Commitment constituted, among others, a deemed connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Sino-Ocean Land and its associates, together holding 312,504,625 Shares, representing approximately 69.74% of the issued Shares carrying voting rights as at the date of Subscription Agreement and Second GP Amendment Agreement, were required to abstain, and had abstained, from voting in respect of the resolution(s) approving the Subscription Agreement, the Second GP Amendment Agreement and the Capital Commitment.

The Subscription Agreement, the Second GP Amendment Agreement and the Capital Commitment were approved by the independent shareholders of the Company at the EGM held on 31 December 2014, and the Capital Commitment had been subsequently drawn down on 31 December 2014. Details of this transaction are set out in the Company's announcements dated 17 November 2014, 5 December 2014, 11 December 2014 and 31 December 2014 respecitvely; and the circular of the Company dated 13 December 2014.

CONTINUING CONNECTED TRANSACTION

Tenancy Agreement

On 30 July 2013, 盛洋(北京)投資顧問有限公司(Gemini (Beijing) Investment Consulting Co., Ltd*) (the "**Tenant**"), an indirectly wholly-owned subsidiary of the Company, entered into a tenancy agreement (the "**Tenancy Agreement**") with 遠洋地產有限公司北京房地產經營管理分公司 (Sino-Ocean Land Limited Beijing Property Operating Management Branch*) (the "**Landlord**"), a branch of 遠洋地產有限公司 (Sino-Ocean Land Limited*) ("**Sino-Ocean Subsidiary**") which is an indirectly wholly-owned subsidiary of Sino-Ocean Land, in respect of a premise which is situate at 中華人民共和國北京市朝陽區東四環中路56號遠洋國際中心A座23層2306單元 (Unit 2306, 23rd Floor, Tower A, Sino-Ocean International Centre, No.56 Middle East 4th Ring Road, Chaoyang District, Beijing, the People's Republic of China*) (the "**PRC Premise**"). Pursuant to the Tenancy Agreement, the Landlord shall lease the PRC Premise to the Tenant for a term of 2 years and 4 months commencing from 1 August 2013 and expiring on 30 November 2015 at a monthly rental of RMB132,471.84 (exclusive of utility charges). As the Tenant no longer needed the PRC Premise for use after 30 June 2014, the Tenancy Agreement was subsequently terminated, at the request of the Tenant, with retrospective effect from 1 July 2014.

Sino-Ocean Land was the controlling shareholder of the Company and, through its wholly-owned subsidiaries, was indirectly interested in approximately 70.15% of the issued Shares carrying voting rights on the date of the Tenancy Agreement. The Landlord is a branch of Sino-Ocean Subsidiary which is an indirectly wholly-owned subsidiary of Sino-Ocean Land and therefore an associate (as defined in the Listing Rules) of Sino-Ocean Land and a connected person of the Company under the Listing Rules. The tenancy under the Tenancy Agreement constituted a continuing connected transaction for the Company up to 30 June 2014 during the Year under Chapter 14A of the Listing Rules.

The Company's auditor was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the above continuing connected transaction under the Tenancy Agreement in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Pursuant to Rule 14A.55 of the Listing Rules, the Independent Non-Executive Directors of the Company have reviewed the above continuing connected transaction under the Tenancy Agreement and confirmed that it was entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the Tenancy Agreement governing it on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed in the above sections headed "Connected Transactions" and "Continuing Connected Transaction", none of the "Related Party Transactions" as disclosed in Note 35 to the consolidated financial statement of the Group constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

To the extent of the aforesaid "Related Party Transactions" constituted connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of bank loans, overdrafts and other borrowings of the Group are set out in Note 26 to the consolidated financial statements of the Group.

SUBSIDIARIES

Particulars regarding the principal subsidiaries of the Company are set out in Note 40 to the consolidated financial statements of the Group.

CORPORATE GOVERNANCE

Save as disclosed in the Corporate Governance Report, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the Year.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-Executive Directors are independent.

EMOLUMENT POLICY AND RETIREMENT BENEFITS OF THE GROUP

The emolument policy of the senior employees of the Group is set and recommended by the remuneration committee of the Company (the "**Remuneration Committee**") to the Board on the basis of the employees' merit, qualifications and competence.

The emoluments of the Directors are formulated and recommended by the Remuneration Committee to the Board, having regards to the Company's operating results, individual performance of the Directors and comparable market statistics.

The Company has adopted the Share Option Scheme as an incentive to the Directors and eligible employees of the Group, details of which are set out in the section headed "Share Option Scheme" above.

Details of the Group's retirement benefit plans are set out in Note 34 to the consolidated financial statements of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules as at the latest practicable date prior to the issue of this annual report.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by Messrs. Deloitte. In 2012, Deloitte resigned as auditors of the Company and BDO was appointed as the auditor of the Company on 30 April 2012.

The consolidated financial statements of the Group for the years ended 31 December 2012, 2013 and 2014 were audited by BDO, who would retire at the conclusion of the forthcoming AGM of the Company, and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the shareholders at the forthcoming AGM to re-appoint BDO as the auditor of the Company.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Provision of loan to Alpha Advent

On 15 January 2015, Swift Boom Investments Limited ("**Swift Boom**"), an indirect wholly-owned subsidiary of the Company, and Alpha Advent Ventures Limited ("**Alpha Advent**"), a wholly-owned subsidiary of Neutron Property Fund Limited ("**Neutron Property**") entered into a loan agreement, pursuant to which Swift Boom has agreed to provide a loan in a principal amount of HK$180.0 million to Alpha Advent (the "**Loan**"). The Loan carries interest at 6% per annum, repayable in three years, and is guaranteed by Neutron Property. The Loan is intended to be used by New Advance Limited (a wholly-owned subsidiary of Alpha Advent) to finance the acquisition cost and future development cost of the parcel of land with Lot No. 758 in Demarcation District No. 332 which is located at Cheung Sha, Lantau Island, New Territories, Hong Kong. The Loan was drawndown on the same date.

Details of this transaction are set out in the Company's announcement dated 15 January 2015 and circular of the Company dated 5 February 2015.

Disposal of shares of Anhui Yangzi Floor Co., Ltd.

On 13 February 2015, the Company disposed of a total of 4,500,000 ordinary shares (the "**Auhui Shares**") in the issued share capital of 安徽揚子地板股份有限公司 (Anhui Yangzi Floor Co., Ltd.*), at a price of RMB5.5 per Anhui Share in a series of transactions on the open market of National Equities Exchange and Quotations through a securities firm in the People's Republic of China for an aggregate gross sale proceeds of approximately RMB24.8 million (approximately HK$31.4 million) before expenses. The aggregate net sale proceeds (after deducting brokerage fee and other transaction costs) is approximately RMB24.7 million (approximately HK$31.2 million) which will be used for the general working capital of the Group and to fund any potential investments available to the Group in the future.

Details of this transaction are set out in the Company's announcement dated 13 February 2015.

On behalf of the Board

LAI Kwok Hung, Alex
Executive Director
Hong Kong, 6 March 2015

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TO THE SHAREHOLDERS OF GEMINI INVESTMENTS (HOLDINGS) LIMITED
（盛洋投資（控股）有限公司）
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Gemini Investments (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 137, which comprise the consolidated and Company statements of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, Cap. 32 by operation of the transitional and saving provisions in Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, Cap.32 by operation of the transitional and saving provisions set out in Section 80 of Schedule 11 to the Hong Kong Companies Ordinance, Cap.622, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance, Cap.32.

BDO Limited
Certified Public Accountants
Chow Tak Sing, Peter
Practising Certificate Number P04659

Hong Kong, 6 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Sales proceeds from disposal of financial instruments held for trading	4	**702,869**	1,276,435
Turnover	5	**91,915**	186,676
Changes in inventories of gold bullions		**(56,790)**	(159,363)
Other income	6	**2,329**	2,057
Staff costs		**(12,631)**	(13,475)
Share-based compensation	7	**(5,062)**	(13,942)
Depreciation		**(2,246)**	(409)
Other expenses		**(107,389)**	(14,238)
Gain arising from changes in fair value of financial instruments held for trading		**9,670**	8,895
Gain arising from changes in fair value of investment properties	16	**3,576**	334
Gain on disposal of a subsidiary			
— Excluding the translation reserve		**—**	33,963
— Reclassification from translation reserve upon disposal of the subsidiary		**—**	11,704
		—	45,667
Share of results of joint ventures	19	**(30,173)**	26,714
Finance costs	8	**(37,937)**	(25,048)
(Loss)/Profit before income tax	9	**(144,738)**	43,868
Income tax	10	**(100)**	(4,715)
(Loss)/Profit for the year	11	**(144,838)**	39,153
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(144,838)**	39,153
(Losses)/Earnings per share for (loss)/profit attributable to owners of the Company	14		
— basic (HK cents)		**(32.48)**	8.79
— diluted (HK cents)		**N/A**	8.75

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014	2013
	HK$'000	HK$'000
(Loss)/Profit for the year	**(144,838)**	39,153
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
— Exchange differences arising on translation of foreign operations	**76**	792
— Release of translation reserve upon disposal of a subsidiary	**—**	(11,704)
— Change in fair value of available-for-sale investments	**(22,101)**	9,868
Other comprehensive income for the year	**(22,025)**	(1,044)
Total comprehensive income for the year	**(166,863)**	38,109
Total comprehensive income attributable to:		
Owners of the Company	**(166,863)**	38,109

Statements of Financial Position

As at 31 December 2014

		The GROUP		The COMPANY	
		2014	2013	**2014**	2013
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Non-current assets					
Investment properties	16	**518,694**	317,700	**—**	—
Property, plant and equipment	17	**2,905**	4,210	**—**	—
Investments in subsidiaries	18	**—**	—	**872,579**	264,429
Interests in joint ventures	19	**1,772,482**	3,110	**—**	—
Available-for-sale investments	20	**906,683**	897,761	**—**	—
Prepayment for subscription of available-for-sale investment	20(b)(iv)	**403,578**	—	**—**	—
Amounts due from subsidiaries	21	**—**	—	**2,649,040**	821,495
		3,604,342	1,222,781	**3,521,619**	1,085,924
Current assets					
Deposits, prepayments and other receivables		**7,985**	2,123	**174**	125
Amount due from immediate holding company	21	**2,910**	—	**2,910**	—
Amount due from a joint venture	19	**—**	674	**—**	—
Amounts due from subsidiaries	21	**—**	—	**685,909**	549,619
Financial instruments held for trading	22	**114,711**	155,214	**—**	—
Other investment	23	**—**	25,026	**—**	—
Short-term bank deposits	24	**94,737**	424,693	**11,050**	273,445
Bank balances and cash	24	**2,063,126**	290,650	**1,636,827**	94,152
		2,283,469	898,380	**2,336,870**	917,341
Current liabilities					
Other payables and accrued charges	25	**57,938**	22,625	**50,166**	8,427
Amounts due to subsidiaries	21	**—**	—	**180**	26,893
Taxation payable		**212**	4,016	**—**	—
Borrowings	26	**44**	549,753	**—**	498,833
		58,194	576,394	**50,346**	534,153
Net current assets		**2,225,275**	321,986	**2,286,524**	383,188
Total assets less current liabilities		**5,829,617**	1,544,767	**5,808,143**	1,469,112

		The GROUP		The COMPANY	
		2014	2013	**2014**	2013
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Capital and reserves					
Share capital — nominal value	27	—	22,275	—	22,275
Share premium		—	153,728	—	153,728
Share capital (2013: Share capital and share premium)	27	**180,658**	176,003	**180,658**	176,003
Reserves	28	**4,126,388**	368,602	**4,131,652**	293,109
Total equity		**4,307,046**	544,605	**4,312,310**	469,112
Non-current liabilities					
Borrowings	26	**1,522,571**	1,000,162	**1,495,833**	1,000,000
Total equity and non-current liabilities		**5,829,617**	1,544,767	**5,808,143**	1,469,112

The financial statement on pages 60 to 137 were approved and authorised for issue by the Board of Directors on 6 March 2015 and are signed on its behalf by

Sum Pui Ying	**Li Zhenyu**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital	Share premium	Convertible preference shares reserve	Capital contribution	Share option reserve	Available-for-sale financial assets reserve	Translation reserve	Retained profits	Attributable to owners of the Company
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2013	22,275	153,728	—	—	5,579	—	24,843	286,129	492,554
Other comprehensive income									
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	792	—	792
— Release of translation reserve upon disposal of a subsidiary	—	—	—	—	—	—	(11,704)	—	(11,704)
— Change in fair value of available-for-sale investments	—	—	—	—	—	9,868	—	—	9,868
Profit for the year	—	—	—	—	—	—	—	39,153	39,153
Total comprehensive income for the year	—	—	—	—	—	9,868	(10,912)	39,153	38,109
Share-based compensation (Note 7)	—	—	—	—	13,942	—	—	—	13,942
Balance at 31 December 2013	22,275	153,728	—	—	19,521	9,868	13,931	325,282	544,605
Transfer on 3 March 2014 (Note 27)	153,728	(153,728)	—	—	—	—	—	—	—
Other comprehensive income									
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	76	—	76
— Change in fair value of available-for-sale investments	—	—	—	—	—	(22,101)	—	—	(22,101)
Loss for the year	—	—	—	—	—	—	—	(144,838)	(144,838)
Total comprehensive income for the year	—	—	—	—	—	(22,101)	76	(144,838)	(166,863)
Issue of convertible preference shares (Note 29)	—	—	3,898,698	—	—	—	—	—	3,898,698
Share-based compensation (Note 7)	—	—	—	—	5,062	—	—	—	5,062
Exercise of share options	4,655	—	—	—	(1,411)	—	—	—	3,244
Interest waiver granted by parent (Note 26(b))	—	—	—	22,300	—	—	—	—	22,300
Balance at 31 December 2014	**180,658**	**–**	**3,898,698**	**22,300**	**23,172**	**(12,233)**	**14,007**	**180,444**	**4,307,046**

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014	2013
	HK$'000	HK$'000
Cash flows from operating activities		
(Loss)/Profit before income tax	**(144,738)**	43,868
Adjustments for:		
Depreciation	**2,246**	409
Gain arising from changes in fair value of financial instruments held for trading	**(9,670)**	(8,895)
Share-based compensation	**5,062**	13,942
Share of results of joint ventures	**30,173**	(26,714)
Gain arising from changes in fair value of investment properties	**(3,576)**	(334)
Property, plant and equipment written off	**245**	—
Finance costs	**37,937**	25,048
Interest income from bank deposits	**(2,269)**	(2,021)
Gain on disposal of a subsidiary		
— excluding translation reserve	**—**	(33,963)
— reclassification from translation reserve upon disposal of a subsidiary	**—**	(11,704)
Operating loss before working capital changes	**(84,590)**	(364)
Increase in deposits and prepayments	**(5,862)**	(3,523)
Increase in amount due from immediate holding company	**(2,910)**	—
Decrease in financial instruments held for trading	**50,173**	10,046
Decrease in other investment	**25,026**	52,783
Increase in other payables and accrued charges	**29,313**	6,980
Cash generated from operations	**11,150**	65,922
Income tax paid	**(3,904)**	(1,105)
Net cash generated from operating activities	**7,246**	64,817

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014	2013
	HK$'000	HK$'000
Cash flows from investing activities		
Consideration paid for acquiring investment properties	(197,308)	(65,566)
Purchase of property, plant and equipment	(1,187)	(4,118)
Repayment from a joint venture	674	678
Advance to a fellow subsidiary	—	(869)
Acquisition of available-for-sale investments	(81,111)	(851,006)
Prepayment for subscription of available-for-sale investments	(403,578)	—
Redemption of available-for-sale investments	50,000	—
Capital refund from a joint venture	—	2,746
Distribution from a joint venture	—	27,573
Capital contribution to a joint venture	(1,799,545)	—
Proceeds from disposal of a subsidiary	—	172,487
Interest received	2,269	2,021
Net cash used in investing activities	(2,429,786)	(716,054)
Cash flows from financing activities		
New loan raised	29,620	1,000,000
Repayment of borrowings	(50,876)	(12,719)
Repayment of obligation under finance lease	(44)	(20)
Interest paid	(15,637)	(20,050)
Net proceeds from issue of convertible preference shares	3,898,698	—
Proceeds from exercise of share options	3,244	—
Net cash generated from financing activities	3,865,005	967,211
Net increase in cash and cash equivalents	1,442,465	315,974
Cash and cash equivalents at beginning of the year	715,343	399,244
Effect of foreign exchange rate changes	55	125
Cash and cash equivalents at end of the year	2,157,863	715,343
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits	94,737	424,693
Bank balances and cash	2,063,126	290,650
	2,157,863	715,343

1. GENERAL

Gemini Investments (Holdings) Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Grand Beauty Management Limited ("Grand Beauty") (incorporated in British Virgin Islands) and its ultimate parent is Sino-Ocean Land Holdings Limited (incorporated in Hong Kong and listed on the Stock Exchange). The addresses of its registered office and principal place of business of the Company are disclosed in the section of Corporate Information of the annual report.

For the better understanding of the financial performance achieved by the Company and its subsidiaries (collectively referred to as the "Group"), the directors of the Company disclosed the sales proceeds of the financial instruments held for trading in the consolidated income statement, although such disclosure is not required under Hong Kong Accounting Standard I (Revised) "Presentation of Financial Statements".

The Company acts as an investment holding company. The principal activities of its subsidiaries and joint ventures are set out in Notes 40 and 19 respectively.

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective on 1 January 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs — effective on 1 January 2014 *(Continued)*

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding application guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements

Amendments to HKAS 36 — Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are applied retrospectively.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The adoption of the amendments has no impact on these financial statements as the Company is not an investment entity.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs — effective on 1 January 2014 *(Continued)*

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not apply hedge accounting.

(b) New/revised HKFRSs that have been issued but are not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements [3]
HKFRS 9 (2014)	Financial Instruments[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or transactions occurring on, or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

Except as explained below, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss "FVTPL".

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 15 — Revenue from Contracts with Customers ***(Continued)***

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

— Step 1 : Identify the contract(s) with a customer
— Step 2 : Identify the performance obligations in the contract
— Step 3 : Determine the transaction price
— Step 4 : Allocate the transaction price to each performance obligation
— Step 5 : Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements on pages 60 to 137 have been prepared in accordance with all applicable, Hong Kong Accounting Standards and Interpretations and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for the financial year and the comparative period continue to be those of the Hong Kong Companies Ordinance, Cap. 32, in accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance, Cap. 622 "Accounts and Audit" which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, that are measured at fair values, as explained in the accounting policies set out below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 38.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of consolidation *(Continued)*

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represent amounts receivable for services provided in the normal course of business, net of discounts.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the terms of the relevant leases.

Fund management services income is recognised in the accounting period in which the services rendered, by reference to stage of completion of specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

Dividend income from investments including financial asset at fair value through profit or loss is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and that are not occupied by the Group.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

(e) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residue value over their estimated useful lives, using the straight-line method, at the following rates per annum:

Furniture, fixtures and equipment	20% to $33^1/_3$%
Computer equipment	$33^1/_3$%
Leasehold improvement	60%
Motor vehicles	$12^1/_2$%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are included in the Company's statement of financial position at cost (including deemed capital contribution), less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(g) Joint ventures

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements either as:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;

- The legal form of joint arrangements structured through a separate vehicle;

- The contractual terms of the joint arrangement agreement; and

- Any other facts and circumstances (including any other contractual arrangements).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Joint ventures *(Continued)*

The Group accounts for its interests in joint ventures using the equity method whereby they are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint ventures. When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that joint venture.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(h) Other investment

Other investment consists of gold bullions measured at fair value less costs to sell. The fair values are determined by reference to the quoted market price. Sales proceeds from the trading of gold bullions are accounted for as revenue and recognised in profit or loss.

(i) Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increases under that standard to the extent of the decrease previously charged.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

The Group's financial assets are classified into FVTPL, loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets at FVTPL consist of financial assets held for trading.

A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling in the near future; or

— it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is presented as gain (loss) arising from changes in fair value of financial instruments held for trading line item in the consolidated statement of comprehensive income. Fair value is determined in accordance with the market bid price.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from subsidiaries, a joint venture and immediate holding company, other receivables, promissory note receivables, short-term bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated the unlisted equity investments and unlisted investments of which the Group has no power to govern or participate the financial and operating policies of the invested entities so as to obtain benefits from its activities, and does not intend to trade for short-term profit as available-for-sale investments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Available-for-sale investments (Continued)

Subsequent to initial recognition, available-for-sales financial investments are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses, which are recognised in profit or loss.

For available-for-sale financial investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For available-for-sale investment that is carried at fair value, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— breach of contract, such as default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— disappearance of an active market for that financial asset because of financial difficulties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, amounts due from subsidiaries, immediate holding company and a joint venture, where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the carrying amount is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Financial instruments *(Continued)*

(ii) Financial liabilities and equity instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including other payables and accrued charges, amounts due to subsidiaries and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Dividend

Dividend payable is recognised when the dividend is appropriately authorised and is no longer at the discretion of the Company, which is the date when the declaration of the dividend is approved by the shareholders or when the dividend is declared.

For distribution of non-cash assets, dividend payable is measured at the fair value of the assets to be distributed. On the settlement of dividend payable, any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Financial instruments *(Continued)*

(iii) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) Share-based payment transactions

Equity-settled share-based payment transactions

The Group operates equity-settled share-based compensation plans for remuneration of its directors and employees.

All services received in exchange for the grant of any share-based compensation are measured at their fair values. The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Taxation

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms of the relevant lease.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

Individually material operating segments are not aggregated for financial reporting purpose unless the segments have similar characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they are share a majority of these criteria.

(p) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rate of exchanges prevailing on the dates of the transactions at the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit and loss on disposal of foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into HK$ using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve) under the heading of translation reserve (attributed to non-controlling interests as appropriate).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Foreign currencies *(Continued)*

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a joint venture that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

(q) Provision and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the reporting date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme and other defined contribution retirement schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. SALES PROCEEDS FROM DISPOSAL OF FINANCIAL INSTRUMENTS HELD FOR TRADING

The sales proceeds of the financial instruments held for trading by the Group (Note 23) disposed of during the years ended 31 December 2014 and 2013 amounted to approximately HK$702,869,000 and HK$1,276,435,000 respectively.

The changes in fair value of financial instruments held for trading by the Group throughout the years of 2014 and 2013, including gain or loss arising from disposal of those financial instruments and unrealised gain or loss from changes in fair value of those financial instruments, are presented as "Gain arising from changes in fair value of financial instruments held for trading" in the consolidated income statement in accordance with the Group's accounting policies which comply with Hong Kong Accounting Standard 39.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Property investments — rental income from leasing of office properties.

2. Securities and other investments — investing in various securities and generating investment income.

3. Fund investments — investing in various investment funds and generating investment income.

4. Fund management — provision of management and administration services for property development project and investing in real estate fund platform.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

5. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue and results from operations by reportable and operating segment.

For the year ended 31 December 2014

	Property investments	Securities and other investments	Fund investments	Fund management	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue	13,046	764,842	–	16,896	794,784
Less: Sales proceeds from disposal of financial instruments held for trading	–	702,869	–	–	702,869
Turnover as presented in consolidated income statement	13,046	61,973	–	16,896	91,915
Segment results	8,792	13,806	(110)	(68,015)	(45,527)
Interest income from bank deposits					2,269
Unallocated corporate expenses					(63,543)
Finance costs					(37,937)
Loss before income tax					(144,738)

5. SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2013

	Property investments	Securities and other investments	Fund investments	Fund management	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue	11,130	1,433,270	—	18,711	1,463,111
Less: Sales proceeds from disposal of financial instruments held for trading	—	1,276,435	—	—	1,276,435
Turnover as presented in consolidated income statement	11,130	156,835	—	18,711	186,676
Segment results	10,851	7,033	(931)	44,185	61,138
Interest income from bank deposits					2,021
Gain on disposal of a subsidiary					45,667
Unallocated corporate expenses					(39,910)
Finance costs					(25,048)
Profit before income tax					43,868

Except for the inclusion of sales proceeds from disposal of financial instruments held for trading in the segment revenue of securities and other investments reported to the chief operating decision makers, the accounting policies of the operating segments under HKFRS 8 are the same as the Group's accounting policies. Segment result represents the profit or loss by each segment without allocation of interest income from bank deposits, gain on disposal of a subsidiary, unallocated corporate expenses (including central administration costs, share-based compensation and directors' remuneration) and finance costs. This is the measure reported to the chief operating decision makers, the executive directors, for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION *(Continued)*

(a) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2014 HK$'000	2013 HK$'000
Assets		
Segment assets		
— Property investments	**522,747**	318,039
— Securities and other investments	**586,358**	452,229
— Fund investments	**1,232,910**	871,478
— Fund management	**1,772,497**	4,118
Unallocated assets	**1,773,299**	475,297
Consolidated total assets	**5,887,811**	2,121,161
Liabilities		
Segment liabilities		
— Property investments	**3,885**	2,970
— Securities and other investments	**3,908**	10,004
— Fund investments	**40**	40
— Fund management	**—**	5,307
Unallocated liabilities	**1,572,932**	1,558,235
Consolidated total liabilities	**1,580,765**	1,576,556

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, amounts due from immediate holding company, short-term bank deposits, unallocated other receivables, bank balances and cash; and

- all liabilities are allocated to operating segments other than taxation payable, borrowings and unallocated other payables.

5. SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2014

Other segment information

	Property investments	**Securities and other investments**	**Fund investments**	**Fund management**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure	**197,308**	**—**	**—**	**—**	**197,308**
Interests in joint ventures	**—**	**—**	**—**	**1,772,482**	**1,772,482**
Depreciation	**—**	**—**	**—**	**—**	**—**
Gain arising from changes in fair value of investment properties	**3,576**	**—**	**—**	**—**	**3,576**
Gain arising from changes in fair value of financial instruments held for trading	**—**	**9,670**	**—**	**—**	**9,670**
Share of results of joint ventures	**—**	**—**	**—**	**(30,173)**	**(30,173)**

For the year ended 31 December 2013

Other segment information

	Property investments	Securities and other investments	Fund investments	Fund management	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure	65,566	4,345	—	—	69,911
Interests in joint ventures	—	—	—	3,110	3,110
Depreciation	5	404	—	—	409
Gain arising from changes in fair value of investment properties	334	—	—	—	334
Gain arising from changes in fair value of financial instruments held for trading	—	8,895	—	—	8,895
Share of results of joint ventures	—	—	—	26,714	26,714

5. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

The Group's operations are located in Hong Kong (place of domicile), the United States (the "US") and the People's Republic of China (the "PRC").

The Group's turnover from external customers and its non-current assets, other than financial instruments and interests in joint ventures, by geographical location of the assets regarding its operations are detailed below:

	Turnover from external customers		Non-current assets other than financial instruments and interests in joint ventures	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**67,945**	161,881	**321,683**	321,030
The US	**3,287**	—	**199,734**	—
The PRC	**20,323**	23,462	**182**	880
Others	**360**	1,333	**—**	—
	91,915	186,676	**521,599**	321,910

(c) Information about major customers

During the years ended 31 December 2013 and 2014, no revenue from individual customer contributed over 10% of the total revenue of the Group.

Certain comparative figures in the segment information for the year ended 31 December 2013 has been reclassified. Previously, shares of results of joint ventures were not allocated to the operating segments. Also, interests in joint ventures were reported under unallocated assets. For the year ended 31 December 2014, share of results of joint ventures and interests in joint ventures were reclassified and reported under "Fund management" as a result of the change in information reported internally for the purposes of resources allocation and assessment of business performance. Comparative figures have been reclassified accordingly.

6. OTHER INCOME

	2014	2013
	HK$'000	HK$'000
Bank interest income	**2,269**	2,021
Others	**60**	36
	2,329	2,057

7. SHARE-BASED COMPENSATION

Equity-settled share option scheme of the Company:

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 23 June 2011 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 22 June 2021. Under the Scheme, the directors of the Company may grant share options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Details of specific categories of options are as follows:

Date of grant	Exercisable period	Exercise price
26 August 2011	26 August 2011 to 22 June 2021	HK$1.40
9 August 2013	9 August 2013 to 22 June 2021	HK$0.96
9 August 2013*	16 September 2013 to 22 June 2021	HK$0.96

* The grant of 16,000,000 share options to Mr. Sum Pui Ying was approved by the Company's shareholders at the extraordinary general meeting held on 16 September 2013.

At the extraordinary general meeting on held 23 June 2011, the total number of shares in respect of which share options were approved to be granted under the Scheme shall not exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Such 10% equivalent to 44,550,000 shares of the Company's issued share capital. Since then, the Company has granted 9,600,000 share options under the Scheme on 26 August 2011. These share options were vested on the same date and their fair value of HK$5,579,000 has been recognised as share-based compensation by the Group and the Company for the year ended 31 December 2011.

On 9 August 2013, the Company proposed to grant 35,400,000 share options under the Scheme (the "Options") to executive and non-executive directors and certain other employees of the Group.

Save for Options granted to Mr. Sum Pui Ying, one of the executive directors, all the other Options are not subject to vesting conditions.

Particulars of the Options granted under the Scheme were set forth in the announcement and circular of the Company dated 9 August 2013 and 23 August 2013 respectively.

The grant of Options to Mr. Sum Pui Ying was approved by the Company's shareholders at the extraordinary general meeting held on 16 September 2013; a total of 8,000,000 Options had been vested in Mr. Sum Pui Ying as at 31 December 2014.

7. SHARE-BASED COMPENSATION *(Continued)*

At 31 December 2014, the number of shares in respect of which share options had been granted and remained outstanding under the Scheme was 42,400,000 (2013: 45,000,000), representing 9.46% (2013: 10.1%) of the shares of the Company in issue at that date.

Share options may be exercised at any time from the date of grant of the share options to 22 June 2021. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

35,400,000 share options were granted on 9 August 2013 of which 19,400,000 share options and 4,000,000 share options were vested and exercisable on 9 August 2013 and 16 September 2013 respectively. The fair value of the share options granted was HK$21,993,000 in aggregate, of which the Group and the Company recognised HK$13,942,000 as share-based compensation for the year ended 31 December 2013.

4,000,000 share options which were granted on 16 September 2013 were vested and exercisable on 9 August 2014. The Group and the Company recognised share-based compensation of HK$5,062,000 for the year ended 31 December 2014.

Movement in share options are as follows:

	2014		2013	
	Number	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
Outstanding at 1 January	**45,000,000**	**1.05**	9,600,000	1.40
Granted	**—**	**—**	35,400,000	0.96
Exercised	**(2,600,000)**	**1.25**	—	—
Outstanding at 31 December	**42,400,000**	**1.04**	45,000,000	1.05
Exercisable at 31 December	**34,400,000**	**1.06**	33,000,000	1.09

The weighted average remaining contractual life of the share options outstanding at 31 December 2014 was approximately 6.48 years (2013: 7.47 years).

The weighted average market price at the date of exercise for shares options exercised during the year was HK$1.69 (2013: N/A).

7. SHARE-BASED COMPENSATION *(Continued)*

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

Grant/Approve on	9 August 2013 & 16 September 2013	23 August 2011
Share price at grant date	HK$0.96 & HK$1.36	HK$1.40
Exercise price	HK$0.96	HK$1.40
Expected volatility	59.36%-62.36%	51.33%
Expected life	7.87 & 7.77 years	9.82 years
Risk-free rate	1.823%-1.851%	1.73%
Expected dividend yield	0%	3.64%

The underlying expected volatility was determined by reference to historical data, calculated based on the expected life of share options. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and behavioural considerations.

8. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Interest on:		
Bank and other borrowings		
— wholly repayable within five years	**12,322**	18,024
— wholly repayable over five years	**22,300**	6,503
Others	**3,315**	521
	37,937	25,048

9. (LOSS)/PROFIT BEFORE INCOME TAX

	2014 HK$'000	2013 HK$'000
(Loss)/Profit before income tax has been arrived at:		
after charging:		
Auditor's remuneration		
— current year	**1,296**	868
— underprovision in the prior year	**92**	30
	1,388	898
Net foreign exchange loss	**25,764**	—
Rental payments in respect of properties under operating leases	**5,102**	3,239
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	**447**	516
and after crediting:		
Interest income from investments	**84**	13
Dividend income from financial instruments held for trading	**3,651**	5,327
Net foreign exchange gain	**—**	7,888
Gross rental income from investment properties	**13,046**	11,130
Less: direct operating expenses arising from investment properties that generated rental income during the year	**(1,635)**	(993)
	11,411	10,137

10. INCOME TAX

	2014 HK$'000	2013 HK$'000
The taxation attributable to the Group's operation comprises:		
Current tax		
Hong Kong Profits Tax	**448**	236
Profits tax outside Hong Kong	**—**	3,973
	448	4,209
(Over)/under provision in prior years		
Hong Kong Profits Tax	**(38)**	—
Profits tax outside Hong Kong	**(310)**	506
	(348)	506
	100	4,715

10. INCOME TAX *(Continued)*

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Overseas tax is calculated at the rates applicable in the respective jurisdictions in which the Group operates.

Income tax expense for the year can be reconciled to the loss before income tax per the consolidated income statement as follows:

	2014	2013
	HK$'000	HK$'000
(Loss)/Profit before income tax	**(144,738)**	43,868
Tax calculated at the income tax rate applicable to profits in the respective jurisdictions	**(21,024)**	18,014
Tax effect of expenses not deductible for tax purpose	**32,570**	36,229
Tax effect of income not taxable for tax purpose	**(15,233)**	(45,122)
Tax effect of share of results of joint ventures	**4,978**	(4,408)
Tax effect of unrecognised tax loss	**216**	171
Tax effect on temporary difference not recognised	**(1,064)**	(656)
Tax effect on tax losses being utilised	**—**	(23)
(Over-provision)/Under-provision in respect in prior years	**(348)**	506
Others	**5**	4
Income tax expense	**100**	4,715

11. (LOSS)/PROFIT FOR THE YEAR

Of the consolidated loss for the year attributable to owners of the Company of HK$144,838,000 (2013: consolidated profit of HK$39,153,000), a loss of HK$86,106,000 (2013: a profit of HK$49,754,000) has been deal with in the financial statements of the Company.

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the eight (2013: eight) directors were as follows:

2014

	Li Ming	Sum Pui Ying	Li Zhenyu	Lai Kwok Hung, Alex	Li Hongbo	Law Tze Lun	Lo Woon Bor, Henry	Zheng Yun	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	–	3,000	180	180	180	180	180	180	4,080
Other emoluments									
— Contributions to retirement benefits schemes	–	–	–	91	–	–	–	–	91
— Salaries and other benefits	–	–	455	910	–	–	–	–	1,365
— Share-based compensation	–	5,062	–	–	–	–	–	–	5,062
Total emoluments	–	8,062	635	1,181	180	180	180	180	10,598

2013

	Li Ming	Sum Pui Ying	Li Zhenyu	Lai Kwok Hung, Alex	Li Hongbo	Law Tze Lun	Lo Woon Bor, Henry	Zheng Yun	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	—	1,294	180	71	180	180	180	180	2,265
Other emoluments									
— Contributions to retirement benefits schemes	—	—	—	20	—	—	—	—	20
— Performance related incentive payments	—	2,061	—	—	—	—	—	—	2,061
— Salaries and other benefits	—	—	451	473	—	—	—	—	924
— Share-based compensation	1,880	4,825	1,410	1,410	940	—	—	—	10,465
Total emoluments	1,880	8,180	2,041	1,974	1,120	180	180	180	15,735

Notes:

The performance related incentive payment is determined as a percentage of the profit after tax of the Group for the year ended 31 December 2013. No performance related incentive payment was paid for the year ended 31 December 2014.

No directors waived any emoluments for each of the years ended 31 December 2013 and 2014.

No emoluments were paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during each of the years ended 31 December 2013 and 2014.

13. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals in the Group in 2013 were all directors and details of their emoluments are disclosed in Note 12.

The emoluments of the five highest paid individuals for the year include three directors whose emoluments are reflected in Note 12. The emoluments of the remaining two highest paid individuals are as follows:

	2014	2013
	HK$'000	HK$'000
Salaries and other benefits	**1,315**	—
Retirement benefits scheme contributions	**132**	—
	1,447	—

Their emoluments were within the following band:

	2014	2013
	No. of employees	No. of employees
Nil to HK$1,000,000	**2**	—

The emoluments paid or payable to members of senior management were within the following bands:

	2014	2013
	No. of individuals	No. of individuals
Nil to HK$1,000,000	**6**	3
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**—**	2
HK$2,000,001 to HK$2,500,000	**—**	1
HK$8,000,001 to HK$8,500,000	**1**	1

14. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic (losses)/earnings per share attributable to owners of the Company is based on the loss for the year of HK$144,838,000 (2013: profit of HK$39,153,000) and the weighted average number of ordinary shares of 445,913,151 (2013: 445,500,000 ordinary shares) in issue during the year.

No adjustment has been made to basis losses per share amount presented for the year ended 31 December 2014 in respect of a dilution as the impact of share options and convertible preference shares outstanding had an anti-dilutive on the basis losses per share amount presented.

For the year ended 31 December 2013, the calculation of the diluted earnings per share is based on the profit attributable to owners of the Company of HK$39,153,000 and the weighted average number of ordinary shares of 447,513,735 in issue, after adjusting for the effects of all dilutive potential ordinary shares.

	Number of shares in 2013
	‘000
Weighted average number of ordinary shares used in basic earnings per share	445,500
Effect of deemed issue of shares under Company’s share options scheme for no consideration	2,014
Weighted average number of ordinary shares used in diluted earnings per share	447,514

15. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2013 and 2014, nor has any dividend been proposed since the end of the reporting period.

16. INVESTMENT PROPERTIES

The Group’s investment properties comprise:

	2014	2013
	HK$’000	HK$’000
Properties in Hong Kong:		
— Medium-term lease	**318,960**	317,700
Properties in US:		
— Freehold	**199,734**	—
	518,694	317,700

16. INVESTMENT PROPERTIES *(Continued)*

Notes:

(a) All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties located in Hong Kong as at 31 December 2014 and 2013 have been arrived at on the basis of a valuation carried out on that dates by RHL Appraisals Limited and BMI Appraisals Limited respectively, and the fair values of the Group's investment properties located in US as at 31 December 2014 have been arrived at on the basis of a valuation carried out on that dates by RHL Appraisal Limited. Both of them are independent qualified professional valuer not connected with the Group. The valuation reports on these properties were signed by a director of RHL Appraisal Limited and BMI Appraisals Limited who are members of the Hong Kong Institute of Surveyors.

The revaluation of investment properties during the current year gave rise to a net gain arising from changes in fair value of HK$3,576,000 (2013: HK$334,000) which has been recognised in profit or loss 97% (2013: 100%) of the investment properties of the Group are rented out under operating leases as at 31 December 2014.

(b) The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2014	2013
	HK$'000	HK$'000
Opening balance (level 3 recurring fair value)	**317,700**	394,859
Additions	**197,308**	65,566
Exchange realignment	**110**	1,938
Disposals	**—**	(144,997)
Gains on revaluation of investment properties	**3,576**	334
Closing balance (level 3 recurring fair value)	**518,694**	317,700

Investment properties situated in Hong Kong were revalued on investment approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in lettable units of the properties as well as other lettings of similar properties in the same location. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Hong Kong and adjusting to take into account the location of the properties.

The fair value of newly acquired investment properties located in US were determined using market comparison approach by reference to recent sales price of comparable properties on a price per square feet basis, adjusted for a premium or a discount specific to the quality of the Group's building compared to the recent sales. Higher premium for higher quality buildings will results in a higher fair value measurement.

16. INVESTMENT PROPERTIES *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

The significant unobservable inputs into the valuation technique include:

Estimated rental value	Based on the actual view, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties;
Discount rate	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows.
Premium or discount for quality of properties	Quality of properties, such as location, size, level and condition of the properties

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

31 December 2014

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 31 December 2014 HK$'000	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Investment properties situated in Hong Kong	318,960	Investment approach	Estimated rental value	HK$44 – HK$60 per month per square feet	The higher the rental value, the higher the fair value
			Discount rate	2.5% – 3.3%	The higher the discount rate, the lower the fair value
Investment properties situated in US	199,734	Direct comparison	Premium or discount quality of properties (e.g. view, level and condition of the properties)	0.25% – 5%	The higher the quality of properties with reference to comparables, the higher the fair value

16. INVESTMENT PROPERTIES *(Continued)*

31 December 2013

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 31 December 2013 HK$'000	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Investment properties situated in Hong Kong	317,700	Investment approach	Estimated rental value	HK$40 – HK$60 per month per square feet	The higher the rental value, the higher the fair value
			Discount rate	2.9% – 3.2%	The higher the discount rate, the lower the fair value

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

17. PROPERTY, PLANT AND EQUIPMENT

	THE GROUP				
	Leasehold improvements	Furniture and fixtures equipment	Computer equipment	Motor vehicle	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 January 2013	—	551	279	—	830
Exchange realignment	12	13	4	—	29
Additions	2,406	1,688	251	—	4,345
Disposal	—	(426)	—	—	(426)
At 31 December 2013	2,418	1,826	534	—	4,778
Exchange realignment	(1)	(1)	—	—	(2)
Additions	218	228	33	708	1,187
Written off	(880)	—	—	—	(880)
At 31 December 2014	1,755	2,053	567	708	5,083
DEPRECIATION					
At 1 January 2013	—	442	124	—	566
Exchange realignment	4	8	1	—	13
Charged for the year	265	58	86	—	409
Disposal	—	(420)	—	—	(420)
At 31 December 2013	269	88	211	—	568
Exchange realignment	(1)	—	—	—	(1)
Charged for the year	1,420	605	132	89	2,246
Written off	(635)	—	—	—	(635)
At 31 December 2014	1,053	693	343	89	2,178
NET BOOK VALUE					
At 31 December 2014	702	1,360	224	619	2,905
At 31 December 2013	2,149	1,738	323	—	4,210

Note:

At the end of the reporting period, the net book value of the equipment held under finance lease of the Group was HK$180,000 (2013: HK$227,000).

18. INVESTMENTS IN SUBSIDIARIES

	The Company 2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**10**	10
Deemed capital contribution (Note 21)	**872,569**	264,419
	872,579	264,429

Details of the Company's subsidiaries at 31 December 2014 and 2013 are set out in Note 40.

19. INTERESTS IN JOINT VENTURES

	2014 HK$'000	2013 HK$'000
At the beginning of the year	**3,110**	6,715
Share of post-acquisition profits and other comprehensive income	**(30,173)**	26,714
Dividend distribution (Note (b))	**—**	(30,319)
Capital contribution (Note (c))	**1,799,545**	—
At the end of the year	**1,772,482**	3,110

As at 31 December 2014, the Group has interests in the following significant joint ventures:

Name of joint venture	Form of business structure	Principal place of incorporation/ operation	Class of shares held	Proportion of issued share capital directly held by the Group	Principal activities
Sino Prosperity Real Estate Limited	Incorporated	Cayman Islands	Ordinary	50%	Investment holdings
Sino Prosperity Real Estate Advisor Limited	Incorporated	Cayman Islands	Ordinary	50%	Investment advisory

19. INTERESTS IN JOINT VENTURES *(Continued)*

Name of principal subsidiary/ fund of joint venture	Form of business structure	Principal place of incorporation/ operation	Proportion of issued share capital directly held by the Group	Principal activities
Sino Prosperity Real Estate (GP), L.P. ("Fund GP")	Partnership	Cayman Islands	50%	Investment holdings
Sino Prosperity Real Estate Fund L.P. ("Fund")	Partnership	Cayman Islands	50%	Investment holdings

Under HKFRS 11, these joint arrangements are classified as joint ventures and have been included in the consolidated financial statements of the Group using the equity method.

The summarised financial information in respect of each joint venture are as follows:

Sino Prosperity Real Estate Limited	**2014**	2013
	HK$'000	HK$'000
As at 31 December		
Current assets	**30,452,104**	3,732
Non-current assets	**1,535,904**	—
Current liabilities	**(17,730,768)**	(2,782)
Non-current liabilities	**(10,304,226)**	—
Net assets	**3,953,014**	950
Included in the above amounts are:		
Cash and cash equivalents	**683,602**	3,732
Current financial liabilities (excluding trade and other payables)	**(6,299,680)**	—
Non-current financial liabilities (excluding other payable and provision)	**(9,803,332)**	—
Year ended 31 December		
Revenues	**—**	54,657
Loss for the year	**(54,854)**	(7,169)
Other comprehensive income	**—**	(321)
Total comprehensive income	**(54,854)**	(7,490)
Included in the above amounts are:		
Interest income	**8**	—

19. INTERESTS IN JOINT VENTURES *(Continued)*

Reconciliation to the Group's interest in the joint venture:

Sino Prosperity Real Estate Limited	**2014**	2013
	HK$'000	HK$'000
Net assets	**3,953,014**	950
Less: non-controlling interests	**(408,140)**	(308)
	3,544,874	642
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets of the joint venture	**1,772,437**	321

Sino Prosperity Real Estate Advisor Limited	**2014**	2013
	HK$'000	HK$'000
As at 31 December		
Current assets	**2,505**	7,192
Non-current assets	**155**	368
Current liabilities	**(2,570)**	(1,982)
Net assets	**90**	5,578
Included in the above amounts are:		
Cash and cash equivalents	**2,094**	3,329
Current financial liabilities (excluding trade and other payable)	**(1,924)**	(674)
Year ended 31 December		
Revenues	**4,073**	10,372
(Loss)/profit for the year	**(5,531)**	1,808
Other comprehensive income	**39**	17
Total comprehensive income	**(5,492)**	1,825
Included in the above amounts are:		
Depreciation and amortisation	**214**	126
Interest income	**2**	2
Income tax credit	**—**	(98)

19. INTERESTS IN JOINT VENTURES *(Continued)*

Reconciliation to the Group's interest in the joint venture:

Sino Prosperity Real Estate Advisor Limited	**2014**	2013
	HK$'000	HK$'000
Net assets	**90**	5,578
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets of the joint venture	**45**	2,789

Notes:

(a) On 5 September 2011, the Group and Sino-Ocean Land (Hong Kong) Limited ("SOL HK") established the above joint ventures for investing in certain real estate projects in the PRC. Sino Prosperity Real Estate Limited indirectly owned 49% equity interest in Great Wise Investment Limited ("Great Wise") through Sino Prosperity Holdings One ("Fund Holdco One"), a wholly-owned subsidiary of Fund GP. Great Wise is engaged in investment holding and held 100% equity interest in a PRC company which is engaged in property development in Dalian, the PRC.

On 8 February 2013, Fund Holdco One entered into a share purchase agreement (the "Share Purchase Agreement") with SOL HK. Pursuant to the Share Purchase Agreement, Fund Holdco One agreed to dispose all of its interests in Great Wise and the relevant portion of outstanding shareholder's loan advance to Great Wise by Fund Holdco to SOL HK at a consideration of U.S. dollars ("US$") 103,318,000 or equivalent in other currencies. The disposal was completed on 8 March 2013.

(b) After the disposal of Great Wise, the Group received dividend distribution of HK$30,319,000 (equivalent to approximately US$3,905,000) from Sino Prosperity Real Estate Limited which represents a returned share capital of HK$2,746,000 and a distribution of HK$27,573,000.

(c) On 17 November 2014, the Group entered into an amendment agreement and a subscription agreement, agreed to increase its capital commitment into the Fund by US$250,000,000 and also to the Fund GP from US$1,050,000 by US$3,950,000, to US$5,000,000. The increase in capital commitment has been approved by the independent shareholders of the Company at the extraordinary general meeting held on 31 December 2014. Subsequent to the passing of this resolution by the Company shareholders, part of the capital commitment of approximately US$232,000,000 (equivalent to approximately HK$1,799,545,000) was drawn down on 31 December 2014 for the Fund to complete the acquisition of the entire interest of a company which indirectly holds certain PRC property projects and a business of providing upfitting and decoration services in the PRC. Details of the transactions were set out in the Company's announcement and circular dated 17 November 2014 and 13 December 2014 respectively.

(d) As at 31 December 2014, the Group has outstanding commitments as follows:

	2014	2013
	US$'000	US$'000
Fund GP	**451**	1,049
Fund	**22,549**	—
	23,000	1,049

(e) The amount due was unsecured, interest-free and had no fixed terms of repayment.

20. AVAILABLE-FOR-SALE INVESTMENTS

	2014	2013
	HK$'000	HK$'000
Unlisted equity investments, at cost (Note (a))	**92,893**	41,870
Unlisted investments (Note (b))	**814,120**	856,221
Impairment loss on available-for-sale investments	**(330)**	(330)
At the end of the year	**906,683**	897,761

Notes:

(a)(i) The unlisted equity investments included investments in unlisted equity securities issued by private entities incorporated outsides Hong Kong amounted to HK$41,452,000 (2013: HK$41,540,000) after impairment provision, of which the Group holds less than 5% (2013: 5%) of the equity interest of these investees.

(a)(ii) On 9 January 2014, an indirect wholly-owned PRC subsidiary of the Company entered into a share purchase agreement to acquire 5% unlisted equity interest in a PRC entity at an aggregate cash consideration of Renminbi ("RMB") 1,500,000 (equivalent to approximately HK$1,901,000).

(a)(iii) On 24 January 2014, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement with P'0006 A' Beckett Pty Ltd. (the "Trustee") and ICD Land Pty. Ltd. ("ICD Land") (the "Subscription Agreement"), pursuant to which the Group agreed to subscribe for 199 ordinary units and 14,285,316 of the class A units of A' Beckett Street Trust (the "Trust") and 199 trustee's ordinary shares in the capital of the Trustee for a total consideration of Australian dollar ("A$") 14,285,714 (equivalent to approximately HK$97,701,000). The objective of the Trust is to complete the proposed development of a residential complex on the parcel of land in Melbourne, Australia.

In conjunction with the Subscription Agreement, the Group, ICD Land and the Trustee also entered into an agreement on the same day to regulate the affairs of the Trust and the Trustee.

On 29 January 2014 and 25 September 2014, the Group had paid approximately 50% of the total consideration of A$7,143,256 (equivalent to approximately HK$49,210,000) and holds 199 ordinary shares and 7,142,858 of class A units of the Trust, and 199 Trustee's ordinary shares. As the Group has no power to govern or participate the financial operating policies of the investment entities so as to obtain benefits from its activities, the directors of the Company designated the unlisted investment as available-for-sale investment. Details of the investment in Australia were set out in the announcement of the Company dated 24 January 2014.

At 31 December 2014, the Group has outstanding commitments to make capital contribution of approximately A$7,142,458 (equivalent to approximately HK$45,428,000).

The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

20. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

Notes: *(Continued)*

(b) The analysis of the fund investments of the Group are as follows:

	2014	2013
	HK$'000	HK$'000
At fair value (notes (i), (ii) & (iii))	**367,767**	409,868
At cost (notes (iv))	**446,353**	446,353
	814,120	856,221

(i) At the end of reporting period, the Group held approximately 418,000 (2013: 500,000) participating redeemable preference shares ("Participating Shares") in an investment entity incorporated outside Hong Kong for diversifying the Group's securities investment risk and further enhance the rate of return of the Group's core business of securities investment. The fair value of the Participating Shares as at 31 December 2014 is approximately HK$149,770,000 (2013: approximately HK$206,730,000).

(ii) At the end of reporting period, the Group held approximately 101,000 (2013: 101,000) participating redeemable preference shares in a sub-fund of an investment entity incorporated in the Cayman Islands (the "Sub-Fund A"). The Sub-Fund A is focus on, but not limited to, Asia (excluding Japan) equity to generate positive returns in all market conditions. The fair value of participating redeemable preference shares of the Sub-Fund A as at 31 December 2014 is approximately HK$102,500,000 (2013: approximately HK$101,349,000).

(iii) At the end of reporting period, the Group also held approximately 110,000 (2013: 100,000) participating redeemable preference shares in another sub-fund of the above mentioned investment entity (the "Sub-Fund B"). The Sub-Fund B invested the collected funds to generate positive returns in all market conditions by employing multi-strategy investment approach, to invest on, but not limited to, Asia Pacific equity by employing bottom-up approach and to invest in both long and short term of different asset classes. The fair value of participating redeemable preference shares of the Sub-Fund B as at 31 December 2014 is approximately HK$115,497,000 (2013: approximately HK$101,789,000).

(iv) At the end of the reporting period, the Group held 125,000 (2013: 125,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the "Private Equity Fund") and 450,000 (2013: 450,000) non-redeemable, non-voting participating shares of another investment entity incorporated in the Cayman Islands (the "Property Fund"). The carrying values of the investments in the Private Equity Fund and the Property Fund as at 31 December 2014 are approximately HK$96,928,000 (2013: approximately HK$96,928,000) and approximately HK$349,425,000 (2013: approximately HK$349,425,000) respectively.

The investment objective of the Private Equity Fund is to achieve medium to long term capital appreciation through investing in one or more collective investment schemes that invest predominantly in real estate and related investments in the US, Europe and/or Australia.

The investment objective of the Property Fund is to achieve medium to long term capital appreciation through investing substantially all of its assets available for investment in residential, industrial, retail and commercial real estate and related investments primarily in the US and potentially to a lesser extent in Singapore and countries that are members of the Organisation for Economic Co-operation and Development.

On 29 December 2014, the Group further subscribed and made the payment for new non-redeemable, non-voting participating shares of Private Equity Fund with par value of US$0.001 each with the subscription monies of US$52,000,000 (equivalent to approximately HK$403,578,000). These shares shall rank pari passu with all existing Private Equity Fund shares in issue. Since the additional subscription shares were finally allotted and issued on 2 January 2015. Thus, the payment was classified as prepayment for subscription of available-for-sale investment under non-current assets as at 31 December 2014.

20. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

Notes: *(Continued)*

(b) The analysis of the fund investments of the Group are as follows: *(Continued)*

As the equity investments in Private Equity Fund and in Property Fund (Note (iv)) do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses.

Those investments as described in Notes (b)(i) to (iv) above are unlisted and the Group has no power to govern or participate the financial operating policies of the investment entities so as to obtain benefits from its activities and does not intend to trade for short-term profit, the directors of the Company designated the unlisted investments as available-for-sale investments.

21. AMOUNTS DUE FROM/TO IMMEDIATE HOLDING COMPANY/SUBSIDIARIES

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

In the opinion of the directors, based on their assessment as at 31 December 2014 of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries of HK$2,649,040,000 (2013: HK$821,495,000) will not be recovered within one year from the end of the reporting period, accordingly, these amounts are classified as non-current. During the year ended 31 December 2014, the principal amounts due from subsidiaries have been adjusted to their fair value with a corresponding amount of HK$872,569,000 (2013: HK$264,419,000) in investments in subsidiaries. These are regarded as deemed contribution by the Company to these subsidiaries. The effective interest rate on the amounts due from subsidiaries ranged from 2.26% to 6.08% (2013: 2.26% to 6.08%) per annum, representing the borrowing rates of the relevant subsidiaries.

22. FINANCIAL INSTRUMENTS HELD FOR TRADING

	The Group	
	2014	2013
	HK$'000	HK$'000
Listed securities:		
— Equity securities listed in Hong Kong	**9,507**	29,967
— Equity securities listed in the PRC, US and Europe	**95,176**	125,247
Derivatives:		
— Forward exchange contracts	**9,483**	—
— Futures contracts	**545**	—
	114,711	155,214

The fair values of all listed securities are determined by reference to the quoted market bid price available on the relevant exchanges.

22. FINANCIAL INSTRUMENTS HELD FOR TRADING *(Continued)*

The listed securities held by the Group are mainly listed in Hong Kong and US and Europe. The Group maintains a portfolio of diversified investments in terms of industry distribution such as healthcare, technology and natural resources. As such, the value of the Group's listed securities is significantly affected by: a rebound of the US economy, stabilisation of the situation in US and Europe and fluctuation of commodity price etc.

23. OTHER INVESTMENT

At 31 December 2013, other investment represented gold bullions stated at fair values less costs to sell. The fair values of gold bullions are determined by reference to the quoted market price and categorised into level 1 recurring fair value measurement.

24. OTHER FINANCIAL ASSETS

Other financial assets include short-term bank deposits and bank balances and cash.

Short-term bank deposits and bank balances and cash comprise cash and deposits held by the Group and the Company with an original maturity of three months or less.

Bank balances and short-term bank deposits carry interest at market rates with average interest rate of 0.01% and 0.38% (2013: 0.01% and 0.78%) per annum respectively.

As at 31 December 2014, the Group had bank balances denominated in RMB amounted to approximately HK$12,608,000 (2013: HK$28,621,000), which were deposited with the banks and financial institution in the PRC. RMB is currently not a free convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

25. OTHER PAYABLES AND ACCRUED CHARGES

Included in other payables and accrued charges of the Group are tenants' deposits amounting to HK$3,496,000 (2013: HK$2,484,000).

26. BORROWINGS

The maturity profile of the borrowings is as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Current:		
Obligation under finance lease (Note 32)	**44**	44
Bank and other loans		
— unsecured and repayable within 1 year (Note (a))	**—**	549,709
	44	549,753
Non-current:		
Obligation under finance lease (Note 32)	**118**	162
Bank loans and other loan		
— unsecured and repayable after 2 years but within 5 years (Note (a))	**522,453**	—
— unsecured and repayable after 5 years (Note (b))	**1,000,000**	1,000,000
	1,522,571	1,000,162
	1,522,615	1,549,915

	The Company	
	2014	2013
	HK$'000	HK$'000
Current:		
Bank loan		
— unsecured and repayable within 1 year (Note (a)(ii))	**—**	498,833
Non-current:		
Bank and other loans		
— unsecured and repayable after 2 years but within 5 years (Note (a)(ii))	**495,833**	—
— unsecured and repayable after 5 years (Note (b))	**1,000,000**	1,000,000
	1,495,833	1,498,833

26. BORROWINGS *(Continued)*

(a) As 31 December 2014, the bank and other loans of the Group under non-current liabilities represented:

(i) An entrusted loan of HK$26,620,000 (2013: HK$50,876,000 under current liabilities) in the PRC provided by Sino-Ocean Land Limited, a fellow subsidiary of the Group, which is unsecured, wholly repayable in 2019 (31 December 2013: repayable in 2014) and bearing interest at fixed rate. The average interest rate for the entrusted loan is 7.34% (2013: 7.34%) per annum; and

(ii) A bank borrowing of HK$495,833,000 (2013: HK$498,833,000 under current liabilities), which is unsecured, wholly repayable in 2017 (2013: repayable in 2014) and bearing interest at floating rate. The average interest rate for the bank borrowing as at 31 December 2014 is 2.3% (2013: 2.45%) per annum. The bank borrowing is guaranteed by Sino-Ocean Land Holdings Limited, the ultimate holding company of the Group, which was released on 7 January 2015.

(b) At 31 December 2014 and 2013, the borrowing amounted to HK$1,000 million under non-current liabilities represent a loan provided by Grand Beauty, an indirect wholly-owned subsidiary of Sino-Ocean Land Holdings Limited. The amount due is unsecured, wholly repayable in 2023 and interest bearing at the rate of three-month HIBOR plus 1.5% to 3.75% per annum. On 21 May 2014, a waiver was granted for loan interest payable for the period from 1 January 2014 to 31 December 2014 as continued support to the Group for the implementation of its investment strategy. The total amount of interest being waived for the year amounted to approximately HK$22,300,000 is regarded as capital contribution and recorded in the consolidated statement of changes in equity and the Company's statement of changes in equity (Note 28).

27. SHARE CAPITAL

	2014	2013
	HK$'000	HK$'000
Authorised:		
4,200,000,000 (2013: 4,200,000,000) ordinary shares of HK$0.05 each	**210,000**	210,000
The concept of authorised share capital is abolished on 3 March 2014 (Note)	**(210,000)**	—
	—	210,000

27. SHARE CAPITAL *(Continued)*

	2014	2013
	HK$'000	HK$'000
Issued and fully paid:		
445,500,000 (2013: 445,500,000) ordinary shares of HK$0.05 each	**22,275**	22,275
Transfer from share premium account on 3 March 2014 (Note)	**153,728**	—
Exercise of share options	**4,655**	—
448,100,000 ordinary shares with no par value (2013: 445,500,000 ordinary shares of HK$0.05 each)	**180,658**	22,275

Note:

Under s.135 of the Hong Kong Companies Ordinance, Cap. 32, by operation of transition provisions in Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622 (the "New Ordinance"), which came into effect on 3 March 2014, shares in a company do not have nominal value. Accordingly, the concept of authorised share capital is abolished. The no nominal value regime applies to the Company. Following the transitional provisions in the New Ordinance, share premium account at the beginning of 3 March 2014 became part of the Company's share capital.

28. RESERVES

THE GROUP

Details of the movements on the Group's reserves are set out in the consolidated statement of changes in equity.

28. RESERVES *(Continued)*

THE COMPANY

	Share premium	Convertible preference shares reserves	Share options reserve	Capital contribution	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 January 2013	153,728	—	5,579	—	223,834	383,141
Share-based compensation (Note 7)	—	—	13,942	—	—	13,942
Profit for the year	—	—	—	—	49,754	49,754
At 31 December 2013	153,728	—	19,521	—	273,588	446,837
Transfer upon abolition of nominal value of shares on 3 March 2014 (Note 27)	(153,728)	—	—	—	—	(153,728)
Issue of convertible preference shares (Note 29)	—	3,898,698	—	—	—	3,898,698
Share-based compensation (Note 7)	—	—	5,062	—	—	5,062
Exercise of share options	—	—	(1,411)	—	—	(1,411)
Interest waiver granted by parent (Note 26(b))	—	—	—	22,300	—	22,300
Loss for the year	—	—	—	—	(86,106)	(86,106)
At 31 December 2014	—	3,898,698	23,172	22,300	187,482	4,131,652

29. CONVERTIBLE PREFERENCE SHARES

On 26 October 2014, the Company entered into a subscription agreement (as supplemented by a supplemental agreement thereto dated 24 November 2014) with the parent, Grand Beauty, pursuant to which the Company agreed to issue 1,300,000,000 non-voting convertible preference shares of HK$3 each (the "CPSs") issued to Grand Beauty with total subscription price of HK$3,900,000,000.

The issue of the CPSs has been approved by the independent shareholders of the Company at the extraordinary general meeting held on 23 December 2014. On the same date, the CPSs were allotted and issued by the Company. The CPSs' proceeds of HK$3,900,000,000, net of professional expenses of HK$1,302,000, was credited to the convertible preference shares reserve.

Details of the CPSs were set out in the announcement of the Company dated 26 October 2014 and 24 November 2014, and the Company's circular dated 27 November 2014.

30. DEFERRED TAX LIABILITIES

The Group's deferred tax liabilities recognised and movements thereon during the current and prior years are set out below:

	Fair value change of investment properties
	HK$'000
At 1 January 2013	6,541
Disposal of a subsidiary (Note 31)	(6,630)
Exchange realignment	89
At 31 December 2013, 1 January 2014 and 31 December 2014	—

At the end of the reporting period, the Group had unused tax losses of approximately HK$53,918,000 (2013: HK$53,995,000) available for offset against future profits. The tax losses are subject to Hong Kong Inland Revenue Department final assessment. No deferred tax assets have been recognised in respect of such losses due to the unpredictability of future profit streams. Such tax losses may be carried forward indefinitely.

No deferred tax liability has been recognised on temporary differences of approximately HK$14,738,000 (equivalent to approximately RMB11,712,000) (2013: HK$11,992,000 (equivalent to approximately RMB9,576,000)) relating to the undistributed earnings of foreign subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.

31. DISPOSAL OF A SUBSIDIARY

On 8 February 2013, the Company entered into a sale and purchase agreement (the "Disposal Agreement") with an independent third party (the "Purchaser") in connection with the disposal of the entire issued share capital in Trendex at an aggregate cash consideration of RMB138,310,795 which is subject to adjustments as described in the Disposal Agreement. After the completion of disposal, Trendex will cease to be a subsidiary of the Company. Details of the disposal were set out in the announcement and the circular of the Company dated 8 February 2013 and 8 March 2013 respectively.

The disposal was completed on 16 May 2013. The gain arising from the disposal was included as "Gain on disposal of a subsidiary" in the consolidated income statement and is calculated as follows:

	2013 HK$'000
Net assets disposed of:	
Investment properties	144,997
Property, plant and equipment	6
Deposits and prepayments	3,320
Amount due from a fellow subsidiary	869
Other payables and accrued charges	(4,038)
Deferred tax liabilities	(6,630)
	138,524
Gain on disposal of a subsidiary:	
Consideration received	172,487
Net assets disposed of	(138,524)
Cumulative exchange differences in respect of the net assets of the disposed subsidiary reclassified from equity to profit or loss	11,704
Gain on disposal	45,667

31. DISPOSAL OF A SUBSIDIARY *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2013
	HK$'000
Cash consideration	172,487

During the year ended 31 December 2013, Trendex contributed revenue and net profit of HK$3,060,000 and HK$2,509,000 to the Group respectively.

32. LEASES

Finance lease

At 31 December 2014, the Group had obligation under finance lease repayable as follows:

	Minimum lease payments 2014	Interest 2014	Present value 2014
	HK$'000	HK$'000	HK$'000
Within 1 year	60	16	44
After 1 year but within 5 years	167	49	118
	227	65	162

At 31 December 2013, the Group had obligation under finance lease repayable as follows:

	Minimum lease payments 2013	Interest 2013	Present value 2013
	HK$'000	HK$'000	HK$'000
Within 1 year	61	17	44
After 1 year but within 5 years	227	65	162
	288	82	206

32. LEASES *(Continued)*

Operating lease — the Group as lessee

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**3,122**	6,663
In the second to fifth year inclusive	**282**	5,279
	3,404	11,942

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for terms ranging from one to four years and rentals are fixed over the lease terms.

Operating lease — the Group as lesser

Property rental income earned during the year is disclosed in Note 5. The properties held by the Group have committed tenants for the lease term ranging from one to two years and rentals are fixed over the lease terms.

At the reporting date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**11,794**	6,624
In the second to fifth year inclusive	**2,322**	2,902
	14,116	9,526

33. CAPITAL COMMITMENTS

	The Group	
	2014	2013
	HK$'000	HK$'000
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of:		
— Capital contribution to a joint venture (Note 19(d))	**178,403**	8,136
— Capital contribution to acquire certain membership interests in a new company, which to be incorporated in the State of Delaware (Note 39 (a))	**922,483**	—
— Capital contribution to an unlisted equity investment (Note 20 (a)(iii))	**45,428**	—
	1,146,314	8,136

34. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme and other defined contribution retirement schemes for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The employees of the Company's subsidiaries established outside Hong Kong are members of a state-managed retirement scheme operated by respective governments. These subsidiaries are required to contribute certain percentage of basic payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to these schemes is to make the required contributions under the scheme.

During the year ended 31 December 2014, the retirement benefits cost charged to the consolidated income statement of HK$538,000 (2013: HK$536,000) represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

35. RELATED PARTY TRANSACTIONS

Other than the amounts due from subsidiaries, amount due from a joint venture, amount due from immediate holding company and borrowings as disclosed in respective notes and transactions disclosed below, the Group and the Company does not entered into any other transactions with related parties.

The compensation to key management personnel comprises only the directors' emoluments, details of which are disclosed in Note 12.

In addition to those related party transactions disclosed elsewhere in the financial statements, during the year, the Group entered into the following transactions with its related parties. The transactions were carried out at estimated market prices determined by the Group's management.

	2014	2013
	HK$'000	HK$'000
Transaction with ultimate holding company:		
— Interest (waived)/paid	**(22,300)**	6,503
Transactions with fellow subsidiaries:		
— Rents paid*	**1,009**	1,689
— Building management fee paid*	**109**	238
— Service fee paid	**—**	597
	1,118	2,524

* The rents of HK$1,009,000 (2013: HK$1,689,000) and the building management fee of HK$109,000 (2013: HK$238,000) paid to a fellow subsidiary also constitute connected transactions or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group and the Company consists of borrowings (Note 26) and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management reviews the capital structure regularly. As a part of this review, the management considers the cost of capital and the risks associated with the issued share capital and will balance the Group's overall capital structure through the payment of dividends or the issue of new debt.

The Group's overall strategy remains unchanged from prior year.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale investments	**906,683**	897,761	**—**	—
FVTPL — Held for trading	**114,711**	155,214	**—**	—
Loans and receivables	**8,106**	1,036	**3,337,859**	1,371,114
Cash and cash equivalents	**2,157,863**	715,343	**1,647,877**	367,597
Financial liabilities				
Amortised cost	**1,577,056**	1,570,056	**1,546,179**	1,534,153

(b) Financial risk management objectives and policies

The management monitors and manages the financial risks relating to the operations of the Group through various internal management reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures such risks.

37. FINANCIAL INSTRUMENTS *(Continued)*

(c) Foreign currency risk management

Some of the Group's transactions were conducted in foreign currencies other than the functional currency of the operations to which they related. Certain bank balances and deposits of the Group are also denominated in foreign currencies other than the functional currency of the group entities. Hence, exposures to exchange rate fluctuations arise. The Group manages its foreign currency risks by constantly monitoring the movement of the foreign exchange rates.

The carrying amount of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the operations to which they relate at the end of the reporting period is as follows:

	Assets		Liabilities	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
THE GROUP				
US$	**1,751,408**	51,033	**—**	—
RMB	**16,696**	16,374	**—**	—
Japanese Yen ("JPY")	**—**	3,908	**—**	—
A$	**57,318**	—	**—**	—
	1,825,422	71,315	**—**	—
THE COMPANY				
US$	**1,589,421**	50,854	**—**	—
RMB	**11,057**	10,863	**—**	—
	1,600,478	61,717	**—**	—

The policies to manage the foreign currency risk have been followed by the Group since prior years and are considered to be effective.

37. FINANCIAL INSTRUMENTS *(Continued)*

(c) Foreign currency risk management *(Continued)*

Foreign currency sensitivity

As HK$ is currently pegged to US$, management considers that the exposure to exchange fluctuation in respect of US$ is limited as the relevant group entities have HK$ as their functional currency. The Group therefore mainly exposed to other currencies.

The following table indicates the approximate change in the Group's and Company's profit or loss in response to reasonably possible changes in the foreign exchange rates to which the Group and the Company have significant exposure at the end of the prior reporting period.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments in existence at that date.

The stated changes represent the management's assessment of reasonably possible changes in foreign exchange rates over the next reporting period. Results of the analysis as presented in the below table represent an aggregation of the effects on each of the group entities' profit or loss measured in the respective functional currencies, translated into HK$ or US$ at the exchange rate ruling at the end of the reporting period for presentation purposes. A positive/(negative) numbers represented a decrease/(an increase) in loss in 2014 and an increase/(a decrease) in profit in 2013.

	2014		2013	
	Increase/ (decrease) in foreign exchange rate	**Effect on profit or loss**	Increase/ (decrease) in foreign exchange rate	Effect on profit or loss
		HK$'000		HK$'000
THE GROUP				
RMB against HK$	**10%**	**1,670**	10%	1,637
	(10%)	**(1,670)**	(10%)	(1,637)
JPY against HK$	**10%**	**—**	10%	391
	(10%)	**—**	(10%)	(391)
A$ against HK$	**10%**	**5,732**	10%	—
	(10%)	**(5,732)**	(10%)	—
THE COMPANY				
RMB against HK$	**10%**	**1,106**	10%	1,086
	(10%)	**(1,106)**	(10%)	(1,086)

37. FINANCIAL INSTRUMENTS *(Continued)*

(d) Interest rate risk management

The Group obtained financing through borrowings. As at 31 December 2014, the borrowings (Note 26) included the following:

— A bank loan bears interest on floating rates and will be wholly repayable in 2017.

— A loan from Grand Beauty bears interest at the rate of three-month HIBOR plus 1.5% to 3.75% per annum and will be wholly repayable in 2023.

— An entrusted loan bears interest at the rate of 7.34% per annum and will be wholly repayable in 2019.

Accordingly, the Group is exposed to cash flow interest risk for the bank loan bears at floating rates. The Group is exposed to fair value interest rate risk for the loans bear interest at fixed rates. The Group analyses its interest rate exposure on a dynamic basis, but the Group did not use floating-to-fixed interest rate swaps in managing its cash flow interest rate risk.

The Group's bank balances and short-term bank deposits carry interest at market rates. In the opinion of the directors of the Company, the impact of the change in the interest rate on short-term bank deposits is negligible. Accordingly, the sensitivity analysis below only includes analysis on bank and other loans.

The policies to manage the interest rate risk have been followed by the Group since prior years and are considered to be effective.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative financial instruments (representing variable rate bank borrowings as at 31 December 2014) and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used as it represents management's assessment of the possible change in interest rate.

If interest rates of borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's results for the year ended 31 December 2014 would increase/decrease by HK$7,479,000 (2013: HK$7,494,000).

37. FINANCIAL INSTRUMENTS *(Continued)*

(e) Other price risks

The Group is exposed to price risk through its available-for-sale investments measured at fair value (Note 20) and the investments held for trading (Note 22), comprising listed equity securities and derivatives measured at fair value at the end of the reporting period.

Listed equity securities held in the portfolio of available-for-sale investments have been chosen based on their growth potential and are monitored regularly for performance against expectations. The management also performed analysis of the nature of market risk associated with the equity securities held for trading, including discussion with the investment advisors, and concluded that the price risk is more prominent in evaluating the market risk of this kind of investments. The management manages this exposure by maintaining a portfolio of investments with different risk profiles in accordance with the limits set by the Group and located in different jurisdictions.

Price sensitivity

The policies to manage other price risk have been followed by the Group since prior years and are considered to be effective.

The sensitivity analyses below have been determined based on the exposure to price risk at the end of the reporting period for the Group's available-for-sale investments at fair value and investments held for trading. A 10% increase or decrease is used as it represents management's assessment of the possible change in price of equity securities.

If the prices of the listed equity securities held in the portfolio of available-for-sale investments had been 10% higher/lower, the Group's other comprehensive income would increase/decrease by HK$15,317,000 (2013: HK$28,791,000) as a result of the changes in fair value of listed equity securities held in the portfolio of available-for-sale investments.

If the prices of the respective equity securities and future contracts that are indexed to equity prices had been 10% higher/lower, the Group's gain for the year ended 31 December 2014 would increase/decrease by HK$10,523,000 (2013: HK$15,521,000) as a result of the changes in fair value of financial instruments held-for-trading.

The Company is not exposed to other price risk as no listed equity investments held at the reporting date.

37. FINANCIAL INSTRUMENTS *(Continued)*

(f) Credit risk management

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and investments is limited because directors consider that the counterparties are financially sound.

The Company has concentration of credit risk as approximate 72% (2013: 82%) of the total assets of the Company were amounts due from subsidiaries.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

(g) Liquidity risk management

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

37. FINANCIAL INSTRUMENTS *(Continued)*

(g) Liquidity risk management *(Continued)*

Liquidity information

The following tables detail the Group's and the Company's remaining contractual maturity for other non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1 – 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP							
31 December 2014							
Other payables and accrued charges	—	17,085	—	37,356	—	54,441	54,441
Borrowings	4.85	3,531	12,532	83,791	2,045,018	2,144,872	1,522,615
		20,616	12,532	121,147	2,045,018	2,199,313	1,577,056
31 December 2013							
Other payables and accrued charges	—	14,896	—	5,245	—	20,141	20,141
Borrowings	5.60	52,673	58,498	471,454	1,585,479	2,168,104	1,549,915
		67,569	58,498	476,699	1,585,479	2,188,245	1,570,056

37. FINANCIAL INSTRUMENTS *(Continued)*

(g) Liquidity risk management *(Continued)*

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1 – 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE COMPANY							
31 December 2014							
Other payables and accrued charges	—	50,166	—	—	—	50,166	50,166
Amounts due to subsidiaries		180	—	—	—	180	180
Borrowings	4.9	3,515	12,093	80,206	2,012,297	2,108,111	1,495,833
		53,861	12,093	80,206	2,012,297	2,158,457	1,546,179
31 December 2013							
Other payables and accrued charges	—	8,427	—	—	—	8,427	8,427
Amounts due to subsidiaries	—	26,893	—	—	—	26,893	26,893
Borrowings	5.61	52,351	7,285	471,409	1,585,251	2,116,296	1,498,833
		87,671	7,285	471,409	1,585,251	2,151,616	1,534,153

37. FINANCIAL INSTRUMENTS *(Continued)*

(h) Fair value of financial instruments

The Group followed HKFRS 7 Financial Instruments: Disclosures which introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements recognised in the statement of financial position

Certain available-for-sale investments and the financial instruments held for trading are measured subsequent to initial recognition at fair value, grouped into Level 2 and Level 1 respectively based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of those available-for-sale investments (Notes 20 (b)(i), (ii) & (iii)) in Level 2 is the share of the net assets value of the funds at the end of the reporting period, taking into account the quoted price of the listed equity securities held by the funds.

As at 31 December 2014, the fair values of available-for-sale investments and financial instruments held for trading are HK$367,767,000 (2013: HK$409,868,000) and HK$114,711,000 (2013: HK$155,214,000) respectively.

Other than set out in Notes 20 and 22, the fair values of other financial assets and all financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

38. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, which are described in Note 3, management has made various estimates and judgements which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements are continually evaluated. The key source of estimation uncertainty and accounting judgements that result in significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year or significantly affect the amounts recognised in the financial statements are discussed below:

(a) As described in Notes 3(d) and 16, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves estimates in market rental and rental yield. In relying on the valuation report, the directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

(b) The directors follow the guidance of HKAS 39 to review available-for-sale investments (Note 20) at the end of each reporting period to assess whether they are impaired. This determination requires significant judgement. In making this judgement, the directors evaluate the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

39. EVENT AFTER THE REPORTING PERIOD

(a) Acquisition of unlisted investment in US

On 31 December 2014, the Group entered into a conditional agreement, pursuant to which the Group will acquire (i) 45% membership interests in a new company, which would be incorporated in the State of Delaware to acquire all the business, assets, and liabilities of Rosemont Realty, LLC ("Rosemont"), a limited company incorporated in the State of Delaware, and the limited partnership interests in the limited partnership; (ii) to acquire or subscribe to the interests in certain syndicated projects; (iii) to provide a working capital facility of US$10,000,000 to the new company. The aggregate consideration of the acquisition is approximately US$119,000,000 (equivalent to approximately HK$922,483,000).

Rosemont is principally engaged in the ownership and management of commercial real properties with headquarters in Santa Fe, numerous offices in US various cities. The acquisition is expected to be completed on or before 30 June 2015. The details of which were disclosed in the Company's announcement dated 31 December 2014.

39. EVENT AFTER THE REPORTING PERIOD *(Continued)*

(b) Loan to Alpha Advent Ventures Limited

On 15 January 2015, an indirectly wholly-owned subsidiary of the Company entered into an agreement to provide loan in the principal amount of HK$180,000,000 to Alpha Advent Ventures Limited ("Alpha Advent"), which carries interest at 6% per annum, repayable in three year and is guaranteed by Neutron Property Fund Limited, one of the Group's investees as disclosed in Note 20(b)(iv). The loan proceed is intended to be used to finance the acquisition cost and future development cost of the land situated in Hong Kong, which is owned a wholly-owned subsidiary of Alpha Advent. The loan was drawndown on the same date.

The details of which were disclosed in the Company's announcement dated 15 January 2015.

(c) Disposal of shares in unlisted equity securities

On 13 February 2015, the Company has disposed of a total of 4,500,000 shares of Anhui Yangzi Floor Co. Limited ("AnHui") at a price of RMB5.5 per Anhui share in a series of transactions on the open market of National Equities Exchange and Quotations for the aggregate net sale proceeds (after deducting brokerage fee and other transaction costs) of approximately RMB24,710,000, resulting in an estimated gain on disposal RMB4,010,000. The unlisted equity securities were classified as available-for-sale investment as at 31 December 2014.

The details of which were disclosed in the Company's announcement dated 13 February 2015.

40. SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital	Percentage of issued/ registered capital held by the Company 2014	2013	Principal activities
				%	%	
Acute Sky Global Limited	British Virgin Islands ("BVI")	The US	US$1	**100**	—	Investment holding
Billion Fast Corporation Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Billion Thrive Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
Chance Bright Limited	Cayman Islands	Hong Kong	US$1	**100***	100*	Investment holding
City Beyond Investments Limited	BVI	Hong Kong	US$1	**100***	100*	Investment holding
Dawn City Global Limited	BVI	The US	US$1	**100**	—	Investment holding
Dawn City Global LLC	The US	The US	US$10	**100**	—	Investment holding
Dawn City Global II LLC	The US	The US	US$10	**100**	—	Property Investment
E.P. Resources Limited	Hong Kong	Hong Kong	HK$10,000	**100***	100*	Inactive
Eagle Rich Investments Limited	BVI	Hong Kong	US$1	**100**	—	Investment holding
Eminent Energy Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Fame Gate Developments Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Flourish Day Global Limited	BVI	The US	US$1	**100**	—	Investment holding
Gemini-Rosemont Realty Holdings LLC	The US	The US	—	**100**	—	Investment holding
Gemini Investment (HK) Limited	Hong Kong	Hong Kong	HK$2	**100***	100*	Securities investment and trading
Gemini Overseas Investments Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Gemini Property (HK) Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Investment holding
Gemini Property Investments Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Global Charm Capital Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Glorious City Global Limited	BVI	The US	US$1	**100**	—	Inactive
Glorious Field Investments Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding

40. SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital	Percentage of issued/ registered capital held by the Company 2014	2013	Principal activities
				%	%	
Grandeur New Global Limited	BVI	The US	US$1	**100**	—	Investment holding
Grandeur New Global LLC	The US	The US	US$10	**100**	—	Investment holding
Grandeur New Global II LLC	The US	The US	US$10	**100**	—	Property Investment
Huge Bloom Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Jet City Global Limited	BVI	The US	US$1	**100**	—	Investment holding
Jet City Global LLC	The US	The US	US$10	**100**	—	Investment holding
Jet City Global II LLC	The US	The US	US$10	**100**	—	Inactive
Jian Feng Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
Jin Ying Investments Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Joy Sky Capital Investment Limited	Hong Kong	Hong Kong	HK$1	**100***	100*	Investment holding
Keen Superior Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
King Yin Lei Authentication of International Historic and Artistic Work Centre Limited	Hong Kong	Hong Kong	HK$1	**100**	—	Inactive
King Yin Lei International Association for Promotion on Appreciation of Historic and Artistic Work Limited	Hong Kong	Hong Kong	HK$1	**100**	—	Inactive
Magic Gold Global Limited	BVI	The US	US$1	**100**	—	Investment holding
Max Energy Development Limited	Hong Kong	Hong Kong	HK$1	**100***	100*	Investment holding
Moral Smart Capital Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Ocean Wonder Global Limited	BVI	The US	US$1	**100**	—	Inactive
Plan Rosy Limited	BVI	The US	US$1	**100**	—	Investment holding
Precise Bloom Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
River Thrive Global Limited	BVI	The US	US$1	**100***	100*	Investment holding
Rosefield Global Investments Limited	BVI	Hong Kong	US$1	**100**	—	Inactive
Rosemont WTC Denver GPM LLC Holdings LLC	The US	The US	—	**100**	—	Investment holding

40. SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital	Percentage of issued/ registered capital held by the Company 2014 %	2013 %	Principal activities
Sheng Hai Limited	BVI	Hong Kong	US$1	**100**	100	Securities investment and trading
Sheng Mao Investments Limited	BVI	Hong Kong	US$1	**100***	100*	Investment holding
Shine Victory Global Limited	BVI	The US	US$1	**100**	—	Investment holding
Shine Victory LLC	The US	The US	US$10	**100**	—	Investment holding
Shine Victory II LLC	The US	The US	US$10	**100**	—	Property Investment
Sinobliss Global Investments Limited	BVI	The US	US$1	**100**	—	Investment holding
Soar Ocean Limited	BVI	Hong Kong	US$1	**100**	100	Inactive
Soar Profit Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Soar Talent Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Summer Bliss Global Limited	BVI	The US	US$1	**100***	—	Investment holding
Sunray City Investments Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Sunrose Global Limited	BVI	The US	US$1	**100**	—	Investment holding
Swift Boom Investments Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Talent Elite Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
Top Pavilion Limited	BVI	Hong Kong	US$1	**100**	100	Leasing office premise
Ultimate Ventures Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
Ultra Beauty Global Advisory Limited	Hong Kong	Hong Kong	HK$1	**100**	—	Inactive
Ultra Beauty Global Limited	BVI	Hong Kong	US$1	**100***	—	Investment holding
Upper Ascent Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
杭州盛能投資諮詢有限公司#	PRC	PRC	US$16,000	**100**	100	Investment holding
盛洋(北京)投資顧問有限公司#	PRC	PRC	RMB20,000,000	**100**	100	Investment holding and provision of fund management services

* Directly held by the Company

\# These companies established in the PRC are wholly owned foreign enterprises

Details of the Investment Properties

Investment property and address	Lot Number	Use	Total gross floor area (square feet)	Our Group's interest %	Government lease expiry/ Freehold
Unit 2310 to 2312 on 23rd Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Certain parts or shares of and in Inland Lot No.8615	Office	3,203	100%	2059 (renewable for a further term of 75 years)
Unit No. 2119 and 2120 of 21st Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	Certain parts or shares of and in Inland Lot No.8517	Office	2,930	100%	2055 (renewable for a further term of 75 years)
Unit 3701 on 37th Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Certain parts or shares of and in Inland Lot No.8615	Office	2,388	100%	2059 (renewable for a further term of 75 years)
Unit 3702A on 37th Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Certain parts or shares of and in Inland Lot No.8615	Office	1,195	100%	2059 (renewable for a further term of 75 years)
Unit No. 2704 and 2705 of 27th Floor, West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	Certain parts or shares of and in Inland Lot No.8517	Office	3,881	100%	2055 (renewable for a further term of 75 years)
Unit 3604B on 36th Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Certain parts or shares of and in Inland Lot No.8615	Office	2,412	100%	2059 (renewable for a further term of 75 years)
Units 26C, 28D, 29C, 30D and 32G, 15 William Street, New York, the US	N/A	Residential	3,860	100%	Freehold
Units 31F, 32F, 33E, 34G and 35E, 15 William Street, New York, the US	N/A	Residential	5,024	100%	Freehold
Units 16G, 20A, 20B, 21D, 25G, 26G, 34B, 35C, 37C and 38C, 15 William Street, New York, the US	N/A	Residential	8,501	100%	Freehold

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December,

	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Turnover	18,727	67,363	50,545	186,676	**91,915**
Profit/(Loss) before taxation	(24,965)	(16,527)	8,644	43,868	**(144,738)**
Taxation	(1,372)	(1,752)	(1,999)	(4,715)	**(100)**
Profit/(Loss) for the year	(26,337)	(18,279)	6,645	39,153	**(144,838)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December,

	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	538,062	1,183,908	1,074,616	2,121,161	**5,887,811**
Total liabilities	(22,586)	(695,784)	(582,062)	(1,576,556)	**(1,580,765)**
	515,476	488,124	492,554	544,605	**4,307,046**
Equity attributable to:					
Owners of the Company	501,140	488,124	492,554	544,605	**4,307,046**
Non-controlling interests	14,336	—	—	—	**—**
	515,476	488,124	492,554	544,605	**4,307,046**

Corporate Information

BOARD OF DIRECTORS

Honorary Chairman

LI Ming

Executive Directors

SUM Pui Ying (Chief Executive Officer)
LI Zhenyu (Chief Operating Officer)
LAI Kwok Hung, Alex

Non-executive Directors

LI Ming (Honorary Chairman)
LI Hongbo

Independent Non-executive Directors

LAW Tze Lun
LO Woon Bor, Henry
ZHENG Yun

AUDIT COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
ZHENG Yun

REMUNERATION COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
ZHENG Yun

NOMINATION COMMITTEE

LI Ming (Chairman)
SUM Pui Ying
LAW Tze Lun
LO Woon Bor, Henry
ZHENG Yun

INVESTMENT COMMITTEE

SUM Pui Ying (Chairman)
LI Zhenyu
LAI Kwok Hung, Alex
LAW Tze Lun

COMPANY SECRETARY

YUE Pui Kwan

AUTHORISED REPRESENTATIVES

LAI Kowk Hung, Alex
YUE Pui Kwan

AUDITOR

BDO Limited
Certified Public Accountants

LEGAL ADVISOR

Sit Fung Kwong & Shum

PRINCIPAL BANKERS

DBS Bank Limited
China Construction Bank Corporation
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRAR

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 3902, 39th Floor
Tower one, Lippo centre
No. 89 Queensway
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 174

COMPANY WEBSITE

www.geminiinvestments.com.hk