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# Financial Highlights

(HKD'000)	<b>Six months ended 30 June 2016 (unaudited)</b>	Six months ended 30 June 2015 (unaudited)
Revenue	<b>9,638</b>	12,418
Loss before income tax	<b>(288,685)</b>	(269,562)
Loss for the period	<b>(288,685)</b>	(269,562)
Loss attributable to owners of the Company	<b>(288,685)</b>	(269,562)
Losses per share — basic (HK dollar)	<b>(0.64)</b>	(0.60)

  

(HKD'000)	<b>As at 30 June 2016 (unaudited)</b>	As at 31 December 2015 (audited)
Total assets	<b>5,763,723</b>	6,528,232
Equity attributable to owners of the Company	<b>3,789,894</b>	3,956,346
Cash and cash equivalents	<b>1,265,344</b>	851,494
Net gearing ratio (times)	<b>0.17</b>	0.41



## Chairman's Statement

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 six months ended 30 June 2016 (the “**Interim Period**”).

### INTERIM RESULTS FOR 2016

During the Interim Period, our Group recorded a loss attributable to its owners of approximately HK\$288.7 million, which mainly arose from: —

- (i) share of a loss of approximately HK\$159.5 million in a joint venture of the Company, namely Sino Prosperity Real Estate Fund L.P. (the “**SPRE Fund**”). Our Group has disposed of the entire interest held in the SPRE Fund in June 2016 through the disposal of a wholly-owned subsidiary of the Company with 50% equity interest in the SPRE Fund, for a total consideration of RMB970.0 million (approximately HK\$1,131.4 million), with a slight loss on disposal of approximately HK\$7.4 million recognized and;
- (ii) finance cost of approximately HK\$141.7 million, including the non-cash imputed interest expenses of approximately HK\$108.4 million relating to the loans borrowed from a subsidiary of our controlling shareholder, Sino-Ocean Group Holding Limited (“**Sino-Ocean**”, and together with its subsidiaries, “**Sino-Ocean Group**”), during the Interim Period.

The Board does not recommend the payment of any interim dividend for the Interim Period.

### KEY DEVELOPMENT

Our Group is principally engaged in investment in fund platform, property investment, fund investment, and securities investment business.

In order to capture the growth in the property market of the United States of America (the “**U.S.**”) and strengthen our Group’s presence therein, our Group has been actively exploring sound investment opportunities in the U.S. property market over the years, including the investment in Gemini-Rosemont Realty LLC (“**GR Realty**”) as disclosed in the announcement of the Company dated 31 December 2014. GR Realty is a well-established platform principally engaged in the ownership and/or management of an investment portfolio which comprised 71 commercial properties, representing 112 buildings, with approximately 14.4 million square feet in 20 states across the U.S. as at 30 June 2016. During the first half of 2016, GR Realty has successfully raised around 80% of equity contribution from good standing investors to acquire a premier class A office tower located in the heart of bustling Downtown San Diego, California, U.S.. GR Realty provides respective asset and property management as well as leasing services to the property owner of such class A office tower and earns management fee income. GR Realty and its syndicated projects have also brought our Group with a gain of approximately HK\$31.8 million and dividend of approximately HK\$12.4 million during the Interim Period.



## Chairman's Statement

Through investment in GR Realty, our Group is able to leverage on the expertise, experience and business network of its management team in the commercial real estate market, as well as diversifying our investment in fund platform business and property investment portfolio to a large number of states in the U.S., and allow our Group standing on a vantage point due to its exposure and presence in the U.S.

In May 2016, our Group entered into purchase and sale agreements to acquire two properties adjacent to each other that are located at Sixth Avenue of Manhattan, New York, at a total cash consideration of US\$53.0 million, so as to expand its property investment portfolio in New York which is believed to be one of the prime property markets in the U.S. The Board considers that such properties are at a prime location in one of the busiest retail districts in New York with tremendous foot traffic and good connection to other areas through various metro lines and trains, and offer an attractive upside potential in the medium term.

At the same time, in order to focus top management resources and monetise its remaining value of the investment for the purpose of seeking other overseas investment opportunities amid a competitive market environment, our Group disposed of its 50% indirect interest in the SPRE Fund, which held property projects mainly in second and third tier cities in the People's Republic of China (the "PRC") and operated a business in the provision of upfitting and decoration services for property projects, for a total consideration of RMB970.0 million in June 2016, against the backdrop that we consider the development of the SPRE Fund may continue to be challenging, in particular in view of the development of the PRC property market in second and third tier cities.

## MARKET OUTLOOK

The key events to note on the global market for the second half of 2016 will be the U.S. presidency selection and implications of Brexit. Moreover, further divergence in growth between the U.S. and the rest of major economies will create more volatility almost for certain for the rest of the year.

On the U.S. market, U.S. earnings growth is likely to pick up helped by a higher oil price and weaker trade-weighted dollar. The U.S. will continue to be the market where we have the most confidence, given their falling unemployment and rising wages, which will help consumer-oriented firms, as well as healthily recovering housing market with bank balance sheet still strong.

In contrast, in Europe, Brexit has cast a shadow over the global economics. One of the key global concerns rattling the markets is that Britain could be just the first of more E.U. countries to leave the union. While the impact of Brexit remains uncertain, economists predict that a British exit would lower the U.K. gross domestic products and create a hit to global economic growth outside the E.U.. An immediate outcome of Brexit is the fluctuated Yen, which adds further pressure on Japan's economy as the market already starts to take the view that Japan's experiment with unconventional monetary policy has failed to stimulate growth and could destabilize the financial system.



## Chairman's Statement

On China, its economic stimulus started in late-2014, and continues into the present, while weaker growth, currency volatility, and consistent capital outflows continue to cause anxiety among global investors. With the government's continuous effort, the massive financial stimulus package unleashed appears to support China's economic growth in the coming years. Recent economic data like improving infrastructure investment and the rebound in the composite purchasing managers' index suggest that the economy is on the verge of stabilization.

### DEVELOPMENT PROSPECTS

Looking ahead to second half of 2016, while global economic prospect will be unclear, especially with potential adverse impacts of Brexit, prompt response to the changing market environment and prudent strategy towards investment opportunities shall be our essential themes when determining and executing investment strategies.

Our Group will continue to reinforce our professional knowledge and persistently adhere to the discipline of value investing in Hong Kong and overseas property markets, so as to contribute sustainable growth and returns, and extend its business scope in the property markets, as well as maintaining prudent and disciplined financial management to ensure its sustainability. For the U.S. market in particular, we will continue to leverage on the well-established platform of GR Realty to allow our Group to gain significant access to and expertise in the U.S. markets, and to capture market opportunities there in a timely manner and generate considerable investment returns for our Group from the management and investment of U.S. real estate assets.

### 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. With the continuous support from our controlling shareholder, Sino-Ocean, we will make our business continue to move forward and grow.

**LI Ming**

*Honorary Chairman*

Hong Kong, 22 July 2016

# Management Discussion & Analysis

## FINANCIAL REVIEW

### Revenue

During the Interim Period, our Group recorded a total revenue of approximately HK\$9.6 million (for the six months ended 30 June 2015: approximately HK\$12.4 million), which comprises rental income of approximately HK\$9.2 million (for the six months ended 30 June 2015: approximately HK\$8.8 million) and dividend income of approximately HK\$0.4 million (for the six months ended 30 June 2015: approximately HK\$2.0 million).

### Loss attributable to owners of the Company

During the Interim Period, our Group recorded a loss attributable to owners of the Company of approximately HK\$288.7 million (for the six months ended 30 June 2015: loss of approximately HK\$269.6 million). Such loss recorded was mainly because of: —

- (i) share of a loss of approximately HK\$159.5 million in the SPRE Fund. Our Group has disposed of the entire interest held in the SPRE Fund in June 2016 through the disposal of Chance Bright Limited ("**Chance Bright**", a wholly-owned subsidiary of the Company which held the 50% equity interest in the SPRE Fund), for a total consideration of RMB970.0 million (approximately HK\$1,131.4 million), with a slight loss on disposal of approximately HK\$7.4 million recognised and;
- (ii) finance cost of approximately HK\$141.7 million, including the non-cash imputed interest expenses of approximately HK\$108.4 million relating to the loans borrowed from Grand Beauty Management Limited ("**Grand Beauty**"), an indirect wholly-owned subsidiary of Sino-Ocean, during the Interim Period.

Consequently, our Group recorded basic losses per share of approximately 0.64 HK dollar for the Interim Period versus basic losses per share of approximately 0.60 HK dollar during the last corresponding period.

### Financial Resources and Liquidity

Total assets and net asset value of our Group as at 30 June 2016 were approximately HK\$5,763.7 million (31 December 2015: approximately HK\$6,528.2 million) and approximately HK\$3,789.9 million (31 December 2015: approximately HK\$3,956.3 million), respectively.

As at 30 June 2016, the carrying amount of our total borrowings amounted to approximately HK\$1,925.3 million (31 December 2015: approximately HK\$2,465.0 million), mainly consisted of (a) unsecured borrowings with carrying amount of approximately HK\$1,476.4 million (31 December 2015: approximately HK\$1,941.9 million), of which approximately HK\$258.6 million classified as current liabilities, from Grand Beauty; and (b) an unsecured bank borrowing with carrying amount of HK\$448.8 million (31 December 2015: HK\$497.8 million), of which the whole amount will be repayable in one year. Apart from the above, our Group did not have any other interest bearing debt as at 30 June 2016.



# Management Discussion & Analysis

Total cash resources (including bank balances and cash and short-term bank deposits) of our Group amounted to approximately HK\$1,265.3 million as at 30 June 2016 (31 December 2015: approximately HK\$851.5 million), and the current ratio of our Group as at 30 June 2016 was approximately 1.89 times. The net gearing ratio of our Group as at 30 June 2016, based on total borrowings (of which approximately 77% represented shareholder's loan from Grand Beauty) less cash resources divided by total shareholders' equity, was around 17% (31 December 2015: 41%).

Given our adaptable financial management policy amid the continued strong financial support from Sino-Ocean Group, we are confident about sustaining our financial liquidity to support our business expansion and maintaining overall financial healthiness in the coming years.

## Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

During the Interim Period, our Group's assets and liabilities were mainly denominated in Hong Kong Dollars, United States Dollars, Renminbi and Australian Dollars. In view of the potential Renminbi and Australian Dollars exchange rate fluctuations, our Group will continue to closely monitor the foreign currency exchange risk exposure and enter into any related hedging when appropriate.

## OPERATION REVIEW

During the Interim Period, our Group adhered to the philosophy of value investment, actively optimizing its asset allocation. An analysis of our Group's revenue and contribution to operating result for the Interim Period by our principal activities is set out in Note 5 to the unaudited condensed consolidated financial statements of our Group contained in this interim report.

### Investment in Fund Platform

Through investing in fund platform, our Group is able to participate in the property projects in the U.S. or in other countries where investment opportunities arise through various structures of vehicles, which enable our Group to share potential gain from such investments.

GR Realty, in which our Group has 45% membership interests together with limited partnership interests in certain syndicated projects, acts as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the U.S. which is expected to generate considerable investment returns for our Group in the medium term. As at 30 June 2016, GR Realty was principally engaged in the ownership and/or management of its investment portfolio comprising 71 commercial properties, representing 112 buildings, with approximately 14.4 million square feet in 20 states across the U.S.





## Management Discussion & Analysis

During the Interim Period, our Group shared a profit of approximately HK\$31.8 million as a result of its interest in GR Realty and received dividend of approximately HK\$12.4 million from certain syndicated projects controlled by GR Realty. As at 30 June 2016, our interest in GR Realty, together with interest in certain syndicated projects controlled by GR Realty, amounted to approximately HK\$955.0 million.

Through investment in GR Realty, our Group is able to leverage on the expertise, experience and business network of its management team in the commercial real estate market, as well as diversifying our investment in fund platform business and property investment portfolio to a large number of states in the U.S., and allow our Group standing on a vantage point due to its exposure and presence in the U.S.

In March 2016, our Group, after taking into account the existing cash balance of the Group and the funding cost of the Group, entered into a loan agreement to provide unsecured loans in the amount of US\$6.3 million in aggregate at maximum to GR Realty, with interest at 6% per annum, for the purpose of facilitating the future expansion of GR Realty, which will in turn increase value to our Group. The details are set out in the Company's announcement dated 31 March 2016.

### ***SPRE Fund (disposed in June 2016)***

As disclosed in the Company's announcements dated 19 May 2016 and 28 June 2016, and circular dated 10 June 2016, the Group completed the disposal of its equity interest in the SPRE Fund through the disposal of the entire equity interest in Chance Bright and assignment of the shareholder's loan provided by the Group, for a total consideration of RMB970.0 million in June 2016. The disposal resulted in a loss of approximately HK\$7.4 million to our Group during the Interim Period.

During the Interim Period, share of loss of the SPRE Fund of approximately HK\$159.5 million was recognised, mainly as a result of the challenging property market, in particular in second and third tier cities.

The disposal enables our Group to focus top management resources and monetise the remaining value of its investment in the SPRE Fund for the purpose of seeking other overseas investment opportunities amid a competitive market environment.

### **Property Investments**

Our Group held investment properties comprising A-grade office premises in Hong Kong with gross floor area of approximately 16,000 square feet and residential units in New York with gross floor area of approximately 17,000 square feet, with occupancy rate of 88% (based on square feet), as at 30 June 2016, and recognized rental income of approximately HK\$9.2 million during the Interim Period (for the six months ended 30 June 2015: approximately HK\$8.8 million). Revaluation gain of approximately HK\$4.4 million and HK\$5.0 million was recorded on the investment properties located in Hong Kong and New York, respectively (for the six months ended 30 June 2015: Nil).

# Management Discussion & Analysis

In May 2016, our Group entered into purchase and sale agreements to acquire two properties adjacent to each other that are located at Sixth Avenue of Manhattan, New York, at a total cash consideration of US\$53.0 million, so as to expand its property investment portfolio in New York which is believed to be one of the prime property markets in the U.S. The Board considers that such properties are at a prime location in one of the busiest retail districts in New York with tremendous foot traffic and good connection to other areas through various metro lines and trains, and offer an attractive upside potential in the medium term. The details of such acquisitions are set out in the Company's announcement dated 27 May 2016 and circular dated 20 June 2016.

## Fund Investments

Through fund investments, our Group aims to capture more sound investment opportunities, diversify its risk exposure, and further enhance its rate of return through efficient management and a wider access to investment channels.

Our fund investment portfolio, classified as available-for-sale investments, recorded carrying value of approximately HK\$2,105.6 million as at 30 June 2016 (31 December 2015: approximately HK\$2,100.4 million). Apart from other movement, a decrease of approximately HK\$14.8 million in fair value of fund investments was recorded in other comprehensive income for the Interim Period, due to the volatile global financial market conditions (for the six months ended 30 June 2015: increase in fair value of approximately HK\$32.7 million). No revenue or gain has yet been recognised from fund investments for the Interim Period.

## Securities and Other Investments

Securities investment forms part of our Group's cash management activities and we maintain a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market.

During the Interim Period, our Group recorded dividend income from securities and other investments of approximately HK\$0.4 million (for the six months ended 30 June 2015: approximately HK\$2.0 million), and a loss from changes in fair value of financial instruments held for trading of approximately HK\$16.9 million as a result of the high volatility of global capital market (for the six months ended 30 June 2015: a loss of approximately HK\$6.1 million).

As at 30 June 2016, our securities investment portfolio mainly consisted of investment in listed securities in Hong Kong of approximately HK\$4.8 million (31 December 2015: approximately HK\$10.6 million) and overseas of approximately HK\$67.0 million (31 December 2015: in overseas and the PRC of approximately HK\$139.0 million).



# Management Discussion & Analysis

## Employees

As at 30 June 2016, the total number of staff employed was 21 (31 December 2015: 26). During the Interim Period, the level of our overall staff cost was approximately HK\$13.7 million (for the six months ended 30 June 2015: approximately HK\$14.5 million), including share-based compensation of approximately HK\$0.6 million (for the six months ended 30 June 2015: approximately HK\$4.5 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.

## Pledged Assets

As at 30 June 2016, our Group did not have any pledged assets.

## Contingent Liabilities

As at 30 June 2016, our Group had no significant contingent liabilities.

# Independent Review Report



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## To the Board of Directors of Gemini Investments (Holdings) Limited

盛洋投資(控股)有限公司

*(incorporated in Hong Kong with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 13 to 45, which comprises the condensed consolidated statement of financial position of Gemini Investments (Holdings) Limited (the "Company") as of 30 June 2016 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

BDO Limited  
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



# Independent Review Report

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**BDO Limited**

*Certified Public Accountants*

**Chow Tak Sing, Peter**

Practising Certificate Number P04659

Hong Kong, 22 July 2016

# Condensed Consolidated Income Statement

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Sales proceeds from disposal of financial instruments held for trading	4	<b>171,360</b>	517,065
Revenue	5	<b>9,638</b>	12,418
Other income	6	<b>20,108</b>	5,945
Employee costs		<b>(13,054)</b>	(10,080)
Share-based compensation		<b>(599)</b>	(4,466)
Depreciation		<b>(573)</b>	(1,075)
Other expenses		<b>(18,940)</b>	(25,683)
Loss arising from changes in fair value of financial instruments held for trading	4	<b>(16,904)</b>	(6,104)
Gain arising from changes in fair value of investment properties	11	<b>9,443</b>	—
Gain on disposal of available-for-sale investment		—	5,084
Share of results of joint ventures	12	<b>(128,706)</b>	(223,915)
Loss on disposal of a subsidiary	20	<b>(7,388)</b>	—
Finance costs	7	<b>(141,710)</b>	(21,686)
<b>Loss before income tax</b>		<b>(288,685)</b>	(269,562)
Income tax	8	—	—
<b>Loss for the period</b>		<b>(288,685)</b>	(269,562)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(288,685)</b>	(269,562)
<b>Losses per share for loss attributable to owners of the Company</b>	9		
— Basic (HK dollar)		<b>(0.64)</b>	(0.60)
— Diluted (HK dollar)		<b>N/A</b>	N/A

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Loss for the period</b>		<b>(288,685)</b>	(269,562)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in fair value of available-for-sale investments		<b>(14,845)</b>	32,721
Exchange differences on translation of foreign operations		<b>(215)</b>	(108)
Share of other comprehensive income of joint ventures	12	<b>(12,062)</b>	—
Release of exchange reserve upon disposal of a subsidiary	20	<b>73,406</b>	—
<b>Other comprehensive income for the period</b>		<b>46,284</b>	32,613
<b>Total comprehensive income for the period</b>		<b>(242,401)</b>	(236,949)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>(242,401)</b>	(236,949)



# Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Notes	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties	11	537,923	528,275
Property, plant and equipment		2,813	3,384
Interests in joint ventures	12	955,030	2,167,916
Available-for-sale investments	13	2,215,834	2,207,382
Deposits paid		4,821	—
Loan receivables	14	625,076	573,504
		<b>4,341,497</b>	5,480,461
<b>Current assets</b>			
Deposits, prepayments and other receivables		11,076	14,059
Deposits paid for acquisition of properties held for resale		47,463	—
Loan receivables	14	26,408	26,393
Financial instruments held for trading	15	71,935	155,825
Short-term bank deposits		107,876	214,576
Bank balances and cash		1,157,468	636,918
		<b>1,422,226</b>	1,047,771
<b>Current liabilities</b>			
Other payables and accrued charges		46,631	39,178
Amount due to a fellow subsidiary	16	—	65,880
Taxation payable		102	102
Borrowings	17	707,491	863,333
		<b>754,224</b>	968,493
<b>Net current assets</b>		<b>668,002</b>	79,278
<b>Total assets less current liabilities</b>		<b>5,009,499</b>	5,559,739

# Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Notes	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
<b>Capital and reserves</b>			
Share capital	18	184,881	184,881
Reserves		3,605,013	3,771,465
<b>Total equity</b>		<b>3,789,894</b>	3,956,346
<b>Non-current liabilities</b>			
Borrowings	17	1,217,837	1,601,625
Deferred tax liabilities		1,768	1,768
		<b>1,219,605</b>	1,603,393
<b>Total equity and non-current liabilities</b>		<b>5,009,499</b>	5,559,739

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

(Unaudited)	Share capital	Convertible preference shares reserve (Note 19)	Capital contribution	Share option reserve	Available- for-sale financial assets reserve	Translation reserve	Retained profits/ (Accumulated losses)	Attributable to owners of the Company
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2015	180,658	3,898,698	22,300	23,172	(12,233)	14,007	180,444	4,307,046
Other comprehensive income								
— Change in fair value of available-for-sale investments	—	—	—	—	32,721	—	—	32,721
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	(108)	—	(108)
Loss for the period	—	—	—	—	—	—	(269,562)	(269,562)
Total comprehensive income for the period	—	—	—	—	32,721	(108)	(269,562)	(236,949)
Equity settled share-based transactions	—	—	—	4,466	—	—	—	4,466
Exercise of share options	4,223	—	—	(1,384)	—	—	—	2,839
Vested share options forfeited	—	—	—	(3,613)	—	—	3,613	—
Balance at 30 June 2015	184,881	3,898,698*	22,300*	22,641*	20,488*	13,899*	(85,505)*	4,077,402
Balance at 1 January 2016	184,881	3,898,698	867,560	23,439	(18,738)	(48,304)	(951,190)	3,956,346
Other comprehensive income								
— Change in fair value of available-for-sale investments	—	—	—	—	(14,845)	—	—	(14,845)
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	(215)	—	(215)
— Share of other comprehensive income of joint ventures	—	—	—	—	—	(12,062)	—	(12,062)
— Release of exchange reserve upon disposal of a subsidiary (Note 20)	—	—	—	—	—	73,406	—	73,406
Loss for the period	—	—	—	—	—	—	(288,685)	(288,685)
Total comprehensive income for the period	—	—	—	—	(14,845)	61,129	(288,685)	(242,401)
Equity settled share-based transactions	—	—	—	599	—	—	—	599
Capital contribution through borrowings from parent (Note 17(b))	—	—	75,350	—	—	—	—	75,350
Balance at 30 June 2016	184,881	3,898,698*	942,910*	24,038*	(33,583)*	12,825*	(1,239,875)*	3,789,894

\* The total of these balances represents reserves in the condensed consolidated statement of financial position.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Loss before income tax	(288,685)	(269,562)
Adjustments for:		
Depreciation	573	1,075
Loss arising from changes in fair value of financial instruments held for trading	16,904	6,104
Share-based compensation	599	4,466
Share of results of joint ventures	128,706	223,915
Gain arising from changes in fair value of investment properties	(9,443)	—
Finance costs	141,710	21,686
Interest income from bank deposits	(1,266)	(999)
Other interest income	(18,828)	(4,941)
Gain on disposal from available-for-sale investment	—	(5,084)
Loss on disposal of a subsidiary	7,388	—
Operating loss before working capital changes	(22,342)	(23,340)
Increase in deposits and prepayments	(1,865)	(20,925)
Increase in deposits paid for acquisition of properties held for resale	(47,463)	—
Decrease in amount due from immediate holding company	—	2,910
Decrease/(increase) in financial instruments held for trading	66,986	(90,496)
Increase/(decrease) in other payables and accrued charges	1,716	(24,316)
Increase in amount due to a fellow subsidiary	—	131,752
Cash used in operations	(2,968)	(24,415)
Income tax paid	—	(19)
<b>Net cash used in operating activities</b>	<b>(2,968)</b>	<b>(24,434)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2)	(445)
Consideration paid for acquiring investment properties	(4,485)	—
Acquisition of available-for-sale investments	(23,333)	—
Prepayment for subscription of available-for-sale investments	(336)	(426,393)
Capital contributions to joint ventures	(408)	(63,229)
Distribution from a joint venture	10,413	—
Loans advanced to an investee	(10,000)	(180,000)
Loans advanced to a joint venture	(43,623)	—
Loan repayment from a trustee	4,043	—
Net cash inflows from disposal of a subsidiary	1,131,379	—
Proceeds from disposal of available-for-sale investment	—	31,333
Interest received	17,378	999
<b>Net cash generated from/(used in) investing activities</b>	<b>1,081,026</b>	<b>(637,735)</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from financing activities</b>		
Repayment of borrowings	<b>(574,572)</b>	—
Repayment of obligation under finance lease	<b>(30)</b>	(24)
Interest paid	<b>(23,368)</b>	(17,663)
Repayment to a fellow subsidiary	<b>(65,880)</b>	—
Proceeds from exercise of share options	—	2,839
<b>Net cash used in financing activities</b>	<b>(663,850)</b>	(14,848)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>414,208</b>	(677,017)
<b>Cash and cash equivalents at beginning of the period</b>	<b>851,494</b>	2,157,863
Effect of foreign exchange rate changes	<b>(358)</b>	1
<b>Cash and cash equivalents at end of the period</b>	<b>1,265,344</b>	1,480,847
<b>Analysis of the balances of cash and cash equivalents</b>		
Short-term bank deposits	<b>107,876</b>	192,420
Bank balances and cash	<b>1,157,468</b>	1,288,427
	<b>1,265,344</b>	1,480,847

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 1. GENERAL INFORMATION

The unaudited condensed consolidated financial statements of Gemini Investments (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2016 (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2015 that is included in the unaudited condensed consolidated financial statements for the six months ended 30 June 2016 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company will deliver the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies in Hong Kong in due course as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Chapter 622).

## 2. BASIS OF PREPARATION

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which includes all applicable individual Hong Kong Financial Reporting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2015.

For better understanding of the financial performance achieved by the Group, the directors of the Company disclosed the sales proceeds of the financial instruments held for trading in the condensed consolidated income statement, although such disclosure is not required under Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements”.

The Interim Financial Statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA. The application of the new and revised HKFRSs in the current period has no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

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

Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective date is deferred

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 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 15) disposed of during the interim periods of 2016 and 2015 amounted to approximately HK\$171,360,000 and HK\$517,065,000 respectively.

The changes in fair value of financial instruments held for trading by the Group throughout the interim periods of 2016 and 2015, 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 "Loss arising from changes in fair value of financial instruments held for trading" in the condensed 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.

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

1. Investment in fund platform – provision of management and administration services for property development project and investing in real estate fund platform.
2. Property investments – rental income from leasing of office properties and residential condominium.
3. Fund investments – investing in various investment funds and generating investment income.
4. Securities and other investments – investing in various securities and generating investment income.

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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 5. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results from operations by reportable and operating segments for the period under review:

### Six months ended 30 June 2016

	Investment in fund platform	Property investments	Fund investments	Securities and other investments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	–	9,208	–	171,790	180,998
Less: Sales proceeds from disposal of financial instruments held for trading	–	–	–	(171,360)	(171,360)
Revenue as presented in the condensed consolidated income statement	–	9,208	–	430	9,638
Segment results	(125,429)	15,216	4,830	(14,616)	(119,999)
Interest income from bank deposits					1,266
Finance costs					(141,710)
Unallocated corporate expenses					(28,242)
Loss before income tax					(288,685)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 5. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2015

	Investment in fund platform	Property investments	Fund investments	Securities and other investments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	1,606	8,844	620	518,413	529,483
Less: Sales proceeds from disposal of financial instruments held for trading	—	—	—	(517,065)	(517,065)
Revenue as presented in the condensed consolidated income statement	1,606	8,844	620	1,348	12,418
Segment results	(227,474)	7,134	(1,105)	(7,124)	(228,569)
Interest income from bank deposits					999
Finance costs					(21,686)
Unallocated corporate expenses					(20,306)
Loss before income tax					(269,562)

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 Group's operating segments under HKFRS 8 are the same as the Group's accounting policies.

Segment results represent the profit or loss by each segment without allocation of interest income from bank deposits, 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 5. SEGMENT INFORMATION (Continued)

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

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
<b>Assets</b>		
<b>Segment assets</b>		
— Investment in fund platform	<b>1,417,543</b>	2,577,694
— Property investments	<b>600,058</b>	537,107
— Fund investments	<b>2,316,456</b>	2,306,177
— Securities and other investments	<b>635,140</b>	711,734
Unallocated assets	<b>794,526</b>	395,520
Consolidated total assets	<b>5,763,723</b>	6,528,232
<b>Liabilities</b>		
<b>Segment liabilities</b>		
— Investment in fund platform	<b>9,844</b>	14,739
— Property investments	<b>3,525</b>	4,593
— Fund investments	—	48
— Securities and other investments	<b>10,977</b>	5,401
Unallocated liabilities	<b>1,949,483</b>	2,547,105
Consolidated total liabilities	<b>1,973,829</b>	2,571,886

Segment assets include all assets allocated to operating segments other than property, plant and equipment, unallocated deposits, prepayment and other receivables, certain short-term bank deposits and bank balances and cash which are not allocated to a segment.

Segment liabilities include all liabilities allocated to operating segments other than taxation payable, borrowings, amount due to a fellow subsidiary, deferred tax liabilities and unallocated other payables and accrued charges.

The information disclosed above represented the segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purpose of assessing their performance and allocating resources to segments.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 6. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	1,266	999
Other interest income	18,828	4,941
Other	14	5
	<b>20,108</b>	5,945

## 7. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	32,264	21,686
Imputed interest expense on other borrowings (Notes 17 (b), (d) & (e))	108,351	—
Others	1,095	—
	<b>141,710</b>	21,686

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 8. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising in or derived from Hong Kong during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

Overseas tax is calculated at the rates applicable in the respective jurisdictions in which the Group operates. The Group has no profit subject to the overseas tax during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## 9. LOSSES PER SHARE

The calculation of the losses per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$288,685,000 (six months ended 30 June 2015: HK\$269,562,000) and on the weighted average number of 450,990,000 ordinary shares (six months ended 30 June 2015: 448,642,000 ordinary shares) in issue during the period.

No adjustment has been made to basic losses per share amount presented for the periods ended 30 June 2016 and 30 June 2015 in respect of a dilution as the impact of convertible preference shares and/or share options outstanding had an anti-dilutive effect on the basic losses per share amount presented.

## 10. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend during the current interim period (six months ended 30 June 2015: Nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 11. INVESTMENT PROPERTIES

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
At the beginning of the period/year	<b>528,275</b>	518,694
Exchange realignment	<b>205</b>	(147)
Gains on revaluation of investment properties	<b>9,443</b>	9,728
	<b>537,923</b>	528,275
	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Properties in Hong Kong:		
Medium-term lease	<b>329,600</b>	325,200
Properties in the United States ("the US"):		
Freehold	<b>208,323</b>	203,075
	<b>537,923</b>	528,275

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 and the US as at 30 June 2016 and 31 December 2015 have been arrived at on the basis of a valuation carried out on that dates by BMI Appraisals Limited ("BMI Appraisals"), which is independent qualified professional valuer not connected with the Group. The valuation reports on these properties were signed by a director of BMI Appraisals who is member of the Hong Kong Institute of Surveyors.

The revaluation of investment properties during the current year interim period rise to a net gain arising from changes in fair value of HK\$9,443,000 (31 December 2015: HK\$9,728,000) which has been recognised in profit or loss. 83% (31 December 2015: 100%) of the investment properties of the Group are rented out under operating leases as at 30 June 2016.

The fair value of investment properties is a level 3 recurring fair value measurement.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 12. INTERESTS IN JOINT VENTURES

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Share of net assets other than goodwill	<b>919,763</b>	2,133,057
Goodwill	<b>35,267</b>	34,859
At the end of the period/year	<b>955,030</b>	2,167,916

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
At the beginning of the period/year	<b>2,167,916</b>	1,772,482
Capital contributions	<b>408</b>	1,455,218
Dividend distribution	<b>(12,373)</b>	(10,150)
Disposal (Note 20)	<b>(1,060,153)</b>	—
Share of post-acquisition losses and other comprehensive income	<b>(140,768)</b>	(1,049,634)
At the end of the period/year	<b>955,030</b>	2,167,916

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 12. INTERESTS IN JOINT VENTURES (Continued)

As at 30 June 2016 and 31 December 2015, the Group has interests in the following significant joint ventures:

Name of joint venture	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Percentage of ownership interests/voting rights/profit share		Principal activities
					30 June 2016	31 December 2015	
Sino Prosperity Real Estate Limited (Note (a))	Incorporated	Cayman Islands	The People's Republic of China ("PRC")	Ordinary	–	50%	Investment holdings
Sino Prosperity Real Estate Advisor Limited (Note (a))	Incorporated	Cayman Islands	PRC	Ordinary	–	50%	Investment advisory
Gemini-Rosemont Realty LLC (Note (b))	Limited liability company	The US	The US	Class A membership interests *	45%	45%	Property investment & management
Rosemont WTC Denver GPM LLC (Note (b))	Limited liability company	The US	The US	Membership interests #	100%	100%	Property investment & management
Rosemont Diversified Portfolio II LP (Note (b))	Limited Partnership	The US	The US	Limited partnership interests #	37.19%	37.19%	Property investment & management

\* Class A membership interests represent the interests have control over the joint venture

# Membership interests and limited partnership interests are non-controlling interests

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

Notes:

- (a) On 31 December 2014, Sino Prosperity Real Estate Limited acquired a group companies which are holding certain PRC property projects and a business of providing upfitting and decoration services in the PRC. On 7 July 2015, the Group entered into an amendment agreement and a subscription agreement, agreed to increase its capital commitment in Sino Prosperity Real Estate Fund L.P. (the "Fund"), a subsidiary of Sino Prosperity Real Estate Limited, and Sino Prosperity Real Estate (GP), L.P. ("Fund GP"), another subsidiary of Sino Prosperity Real Estate Limited by US\$90,000,000 and US\$1,800,000 respectively. The shareholding structure of the Fund and the Company's economic interest and rights in the Fund immediately following the execution of the amendment agreement and the subscription agreement will remain unchanged. The increase in capital commitment has been approved by Grand Beauty Management Limited ("Grand Beauty"), the parent of the Company through written resolution on the same date. Details of the transactions were set out in the Company's announcement and circular dated 7 July 2015 and 24 July 2015 respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 12. INTERESTS IN JOINT VENTURES *(Continued)*

Notes: *(Continued)*

As at 31 December 2015, the Group had made an additional capital contribution of US\$69,159,000 in total (equivalent to approximately HK\$536,004,000), in which a contribution of US\$67,803,000 (equivalent to approximately HK\$525,494,000) was paid to the Fund and the remaining balance of US\$1,356,000 (equivalent to approximately HK\$10,510,000) was paid to the Fund GP.

As at 31 December 2015, the Group has outstanding commitments to make capital contribution to Fund GP and the Fund of approximately US\$895,000 (equivalent to approximately HK\$6,936,000) and US\$44,746,000 (equivalent to approximately HK\$346,829,000) respectively.

On 19 May 2016, the Company entered into a sale and purchase agreement to dispose of a wholly-owned subsidiary, namely Chance Bright Limited ("Chance Bright") which directly held the 50% equity interest of Sino Prosperity Real Estate Limited and Sino Prosperity Real Estate Advisor Limited at a loss of HK\$7,388,000, more details of which are set out in Note 20 to the condensed consolidated financial statements. During the six months ended 30 June 2016, the Group share the post-acquisition loss and other comprehensive income of Sino Prosperity Real Estate Limited and Sino Prosperity Real Estate Advisor Limited amounted to approximately HK\$172,591,000 (six months ended 30 June 2015: HK\$223,915,000) in aggregate.

- (b) On 31 December 2014, the Group entered into the purchase, sale and contribution agreement ("Agreement") with Neutron Property Fund Limited ("Property Fund"), Gemini-Rosemont JV Member LLC, Garfield Group Partners LLC and Rosemont Realty, LLC ("Rosemont") to subscribe for 45%, 30%, 18.423%, 5.577% and 1% membership interests respectively in Gemini-Rosemont Realty LLC ("NewSub"), a limited liability company incorporated in the State of Delaware. NewSub acquired the businesses, assets and liabilities of Rosemont (excluding certain equity interests owned directly by Rosemont which are not transferred to NewSub) and the limited partnership interests in the limited partnerships of Rosemont (together with a promissory note evidencing a loan advance from Lone Rock Holdings, LLC ("Lone Rock"), one of the controlling shareholders of Rosemont, to Rosemont Dallas NCX LP, a wholly-owned subsidiary of Rosemont) owned by Lone Rock. The consideration is US\$69,152,000 (equivalent to approximately HK\$536,234,000) in which US\$9,598,000 (equivalent to approximately HK\$74,416,000) was the directly attributable costs related to the transaction.

Apart from the subscription of the 45% membership interests in NewSub, the Group acquired 100% membership interest and 37.19% limited partnership interests in Rosemont WTC Denver GPM LLC ("Denver GPM LLC") and Rosemont Diversified Portfolio II LP ("Portfolio II LP") at considerations of US\$15,000,000 (equivalent to HK\$116,319,000) and US\$34,388,000 (equivalent to approximately HK\$266,661,000) respectively. Denver GPM LLC and Portfolio II LP represented the syndicated projects under the portfolio of Rosemont (the "Syndicated Projects").

In addition, the Group provided a working capital facility of US\$10,000,000 to NewSub (Note 14(a)).

The details as described above represented the transactions contemplated under the Agreement (the "Transactions").

Details of the Transactions were set out in the Company's announcement and circular dated 31 December 2014 and 23 June 2015 respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 12. INTERESTS IN JOINT VENTURES *(Continued)*

Notes: *(Continued)*

- (b) NewSub was formed under the laws of state of Delaware, domiciled in the US on 22 April 2015. It has no operations until it acquired the businesses, assets and liabilities of Rosemont as explained above. NewSub is primarily engaged in the ownership and the management of commercial office properties after the acquisition.

The Group and Property Fund hold class A membership interests of NewSub. Both have collective control over NewSub and decisions on the relevant activities of NewSub require the unanimous consent of the class A members. Therefore, NewSub is a joint arrangement. As NewSub is a limited liability company, the joint arrangement is classified as a joint venture accordingly.

During the six months ended 30 June 2016, the Group shared the post-acquisition profit of NewSub amounted to US\$2,434,000 (equivalent to approximately HK\$18,873,000) (six months ended 30 June 2015: Nil).

Denver GPM LLC, a Delaware limited liability company domiciled in the US, was formed on 16 April 2013 to act as the limited partner of Rosemont WTC Denver GP Member LP ("Member LP"). Member LP, a Delaware partnership domiciled in the US, was formed on 27 March 2013 to invest in companies which acquire, hold, operate, develop, improve, sell and manage investment properties.

Portfolio II LP, a Delaware limited partnership domiciled in the US, was formed on 12 December 2012 to acquire, hold, operate, develop, improve, sell, and otherwise manage investment properties in the US.

On 21 August 2015, the Group acquired the entire membership interest of Denver GPM LLC from Rosemont at a consideration of US\$5,500,000 and contributed additional US\$9,500,000 to Denver GPM LLC. During the six months ended 30 June 2016, the Group shared the post-acquisition loss of US\$215,000 (equivalent to approximately HK\$1,667,000) (six months ended 30 June 2015: Nil) and received the dividend distribution of US\$221,000 (equivalent to approximately HK\$1,716,000) (six months ended 30 June 2015: Nil).

On 21 August 2015, the Group subscribed approximately 37.19% limited partnership interest in Portfolio II LP at a consideration of US\$34,388,000 (equivalent to approximately HK\$266,661,000). During the six months ended 30 June 2016, the Group shared the post-acquisition profit of US\$1,884,000 (equivalent to approximately HK\$14,617,000) (six months ended 30 June 2015: Nil) and received the dividend distribution of US\$1,373,000 (equivalent to approximately HK\$10,657,000) (six months ended 30 June 2015: Nil).

The Transactions were completed on 22 August 2015 and the Group has no outstanding commitment as at 31 December 2015 and 30 June 2016.

As explained above, the Group acquired direct interests in the Syndicated Projects which are controlled by NewSub upon completion of the Transactions. Accordingly, the Syndicated Projects interests are accounted for as part of the Group's interest in NewSub.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 13. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Unlisted equity investments, at cost (Note (a))	<b>107,277</b>	107,313
Club debenture (Note (b))	<b>3,333</b>	—
Unlisted fund investments (Note (c))	<b>2,105,554</b>	2,100,399
Impairment loss on available-for-sale investments	<b>(330)</b>	(330)
	<b>2,215,834</b>	2,207,382

Notes:

- (a)(i) The unlisted equity investments included investments in unlisted equity securities issued by a private entity incorporated outside Hong Kong amounted to HK\$15,212,000 (31 December 2015: HK\$15,212,000) after impairment provision, of which the Group holds less than 2% (31 December 2015: less than 2%) of the equity interest of the investee.
- (a)(ii) At the end of reporting period, the Group held 5% unlisted equity interest in a PRC entity amounted to RMB1,500,000 (equivalent to approximately HK\$1,755,000) as at 30 June 2016 (31 December 2015: RMB1,500,000 (equivalent to approximately HK\$1,791,000)).
- (a)(iii) At the end of reporting period, the Group held 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 P'0006 A' Beckett Pty Ltd. (the "Trustee") amounted to Australian dollar ("A\$") 14,285,714 (equivalent to approximately HK\$89,980,000) (31 December 2015: A\$14,285,714 (equivalent to approximately HK\$89,980,000)). The objective of the Trust is to complete the proposed development of a residential complex on the parcel of land in Melbourne, Australia.
- As the Group has no power to govern or participate in the financial and operating policies of the investee so as to obtain benefits from its activities, the directors of the Company designated the unlisted investment as available-for-sale investment.
- (a)(iv) The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because variability in 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.
- (b) At the end of reporting period, the club debenture of HK\$3,333,000 was classified as available-for-sale investment which is stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 13. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes: (Continued)

- (c) At the end of the reporting period, the analysis of the fund investments of the Group are as follows:

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
At fair value (Notes (c)(i), (c)(ii) & (c)(iii))	<b>366,417</b>	361,262
At cost (Notes (c)(iv) & Notes (c)(v))	<b>1,739,137</b>	1,739,137
	<b>2,105,554</b>	2,100,399

- (c)(i) At the end of reporting period, the Group held approximately 418,000 (31 December 2015: 418,000) 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 held by the Group as at 30 June 2016 was approximately HK\$131,856,000 (31 December 2015: approximately HK\$139,309,000).
- (c)(ii) At the end of reporting period, the Group held approximately 119,000 (31 December 2015: 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 held by the Group as at 30 June 2016 was approximately HK\$129,067,000 (31 December 2015: approximately HK\$114,272,000).
- (c)(iii) At the end of reporting period, the Group also held approximately 110,000 (31 December 2015: 110,000) 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 held by the Group as at 30 June 2016 was approximately HK\$105,494,000 (31 December 2015: approximately HK\$107,681,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 13. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes: (Continued)

- (c)(iv) At the end of the reporting period, the Group held approximately 637,000 (31 December 2015: 637,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the "Private Equity Fund") and approximately 1,012,000 (31 December 2015: 1,012,000) non-redeemable, non-voting participating shares of the Property Fund (Note 12(b)). The carrying values of the investments in the Private Equity Fund and the Property Fund as at 30 June 2016 are approximately HK\$500,506,000 (31 December 2015: approximately HK\$500,506,000) and approximately HK\$775,818,000 (31 December 2015: approximately HK\$775,818,000) 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.

As the equity investments in Private Equity Fund and in Property Fund 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.

- (c)(v) On 3 November 2015, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement with Prosperity Risk Balanced Fund LP ("PRB Fund"), pursuant to which the Group agreed to contribute commitments for a total amount of US\$60,000,000 (equivalent to approximately HK\$465,000,000) as a limited partner to PRB Fund. The amount of the Group's commitments represents 7.5% of the total commitments of US\$800,000,000 (equivalent to approximately HK\$6,200,000,000). PRB Fund is currently seeking from qualified investors to invest therein as limited partners. As at 30 June 2016, the carrying value of the investments in PRB Fund is approximately HK\$462,813,000 (31 December 2015: HK\$462,813,000).

The investment objective of the PRB Fund is to invest in debt instruments of special purpose vehicles which in turn hold shares in PRC companies established for the purpose of developing real estates in the PRC with an expected return of not less than 6% per annum on the debt instruments. Details of the investment in PRB Fund were set out in the Company's announcement and circular dated 3 November 2015 and 25 November 2015.

At 30 June 2016, the Group has outstanding commitments to make capital contribution of approximately US\$285,000 (equivalent to approximately HK\$2,187,000) (31 December 2015: US\$285,000 (equivalent to approximately HK\$2,187,000)).

Those investments as described in Notes (c)(i) to (v) above are unlisted and the Group has no power to govern or participate the financial and operating policies of the investee 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.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 14. LOAN RECEIVABLES

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
<b>Current:</b>		
Loans to a joint venture (Note (a))	<b>26,408</b>	26,393
<b>Non-current:</b>		
Loans to a joint venture (Note (a))	<b>412,185</b>	368,207
Loan to an investee (Note (b))	<b>190,000</b>	180,000
Loan to the Trustee (Note (c))	<b>20,848</b>	23,256
Loan to member of a joint venture (Note (d))	<b>2,043</b>	2,041
	<b>625,076</b>	573,504
	<b>651,484</b>	599,897

Notes:

- (a) As at 30 June 2016, the loan receivable with principal amount of US\$3,404,000 equivalent to approximately HK\$26,408,000 (31 December 2015: US\$3,404,000 (equivalent to approximately HK\$26,393,000)) in aggregate are due from a joint venture. These loans are interest-bearing at 5% per annum and repayable on demand, therefore are classified under current assets at the end of reporting period.

As at 30 June 2016, the loan receivable with principal amount of US\$53,125,000 equivalent to approximately HK\$412,185,000 (31 December 2015: US\$47,500,000 (equivalent to approximately HK\$368,207,000)) in aggregate are due from a joint venture. These loans are interest-bearing at rates ranging from 5% to 6% per annum and repayable within 2020 and 2021 (31 December 2015: 2020), therefore are classified as non-current assets at the end of reporting period.

All the loans to a joint venture are unsecured.

- (b) As at 30 June 2016, the loan receivable with principal amount of approximately HK\$190,000,000 (31 December 2015: HK\$180,000,000) in aggregate are due from an investee. These loans are interest-bearing at 6% per annum, repayable within 2018 and 2019 (31 December 2015: 2018) and guaranteed by the Property Fund, a member hold 30% class A membership interests in a joint venture (note 12(b)).
- (c) As at 30 June 2016, the loan receivable with principal amount of A\$3,603,000 equivalent to approximately HK\$20,848,000 (31 December 2015: A\$4,121,170 (equivalent to approximately HK\$23,256,000)) is due from the Trustee (Note 13(a)(iii)) in relation to an available-for-sale investment. This loan is interest-bearing at 10% per annum, unsecured and repayable in 2017.
- (d) As at 30 June 2016, the loan receivable with principal amount of approximately US\$263,368 (equivalent to approximately HK\$2,043,000) (31 December 2015: US\$263,368 (equivalent to approximately HK\$2,041,000)) is due from a member holding Class B membership interests in a joint venture (note 12(b)). This loan is interest-bearing at 6% per annum, secured and repayable in 2020.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 15. FINANCIAL INSTRUMENTS HELD FOR TRADING

	30 June 2016	31 December 2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Listed securities:		
— Equity securities listed in Hong Kong	4,758	10,606
— Equity securities listed in the PRC, US, Europe and Japan	67,014	138,958
Derivatives:		
— Forward exchange contracts and future contracts	163	6,261
	<b>71,935</b>	155,825

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

The listed securities held by the Group are mainly listed in HK, US, Europe and Japan. The Group maintains a portfolio of diversified investments in terms of industry distribution such as fund investment, healthcare, manufacturer, retail, insurance, information technology and natural resources. As such, the value of the Group's listed securities is significantly affected by the oil price slump and high volatility of global capital market including strong US economy and weak performance in the Eurozone.

## 16. AMOUNT DUE TO A FELLOW SUBSIDIARY

The amount due was unsecured, interest-free and repayable on demand.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 17. BORROWINGS

The maturity profile of the borrowings is as follows:

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
<i>Current:</i>		
Obligation under finance lease	<b>45</b>	45
Bank and other loans		
— unsecured and repayable within 1 year (Notes (a) & (b))	<b>707,446</b>	863,288
	<b>707,491</b>	863,333
<i>Non-current:</i>		
Obligation under finance lease	<b>48</b>	71
Bank and other loans		
— unsecured and repayable after 1 year but within 2 years (Note (a))	—	399,833
— unsecured and repayable after 2 years but within 5 years (Notes (c) & (d))	<b>758,614</b>	758,270
— unsecured and repayable after 5 years (Note (e))	<b>459,175</b>	443,451
	<b>1,217,837</b>	1,601,625
	<b>1,925,328</b>	2,464,958

The bank and other loans of the Group at the end of the reporting period represented:

Notes:

- (a) As at 30 June 2016, a bank borrowing of HK\$448,833,000 (31 December 2015: a bank borrowing of HK\$497,833,000, of which HK\$ HK\$98,000,000 under current liabilities was repayable within 1 year, the remaining balance amounted to HK\$399,833,000 under non-current liabilities was wholly repayable after 1 year but within 2 years) is unsecured, repayable within 1 year and bearing interest at floating rate. The average interest rate as at 30 June 2016 is 1.95% (31 December 2015: 2.07%) per annum.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 17. BORROWINGS (Continued)

Notes: (Continued)

- (b) On 12 August 2015, a borrowing amounted to US\$100 million (equivalent to approximately HK\$775,096,000) ("Other Borrowing I") under current liabilities was provided by Grand Beauty, an indirect wholly-owned subsidiary of Sino-Ocean Group Holding Limited, the ultimate parent of the Company. The Other Borrowing I was drawdown on 17 August 2015 ("Drawdown Date I"). The amount due is unsecured, wholly repayable in February 2016 and interest bearing at fixed rate of 2.04% per annum. On 17 February 2016 (the Extension date"), the maturity date of the Other Borrowing I was extended to 16 February 2017.

The fair value of the Other Borrowing I on Drawdown Date I and the Extension date were US\$95,113,000 (equivalent to approximately HK\$737,216,000) and US\$90,330,000 (equivalent to approximately HK\$703,869,000), respectively, which were determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisals, an independent professional valuer. The Other Borrowing I is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 13.06% per annum after the Drawdown Date I and 13.77% per annum after the Extension Date. On 28 June 2016, Other Borrowing I amounted to approximately US\$64,402,000 (equivalent to approximately HK\$499,733,000) was repaid. Imputed interest expense of approximately HK\$67,934,000 (six months ended 30 June 2015: Nil) (Note 7) has been recognised in profit or loss in the six months ended 30 June 2016. The carrying value of the Other Borrowing I was HK\$258,613,000 (31 December 2015: HK\$765,288,000) and it was classified as repayable within 1 year as at 30 June 2016 and 31 December 2015.

The carrying value of Other Borrowing I as at the Extension Date was HK\$779,219,000. Due to this borrowing is provided by Grand Beauty, the difference between the carrying value and fair value at the Extension Date which amounted to HK\$75,350,000 represented a capital contribution through borrowings from parent and was recognised in the condensed consolidated statement of changes in equity.

- (c) As at 31 December 2015, an entrusted loan of RMB21 million (equivalent to approximately HK\$25,066,000) in the PRC provided by Sino-Ocean Land Limited, a fellow subsidiary of the Group, which was unsecured, wholly repayable in 2019 (classified as repayable after 2 years but within 5 years) and bearing interest at fixed rate of 7.34% per annum. From 7 March 2016, the interest rate was reduced to 4.75% per annum. The entrusted loan was fully repaid on 2 June 2016.
- (d) On 2 December 2015, a borrowing amounted to US\$125 million (equivalent to approximately HK\$968,870,000) ("Other Borrowing II") under non-current liabilities was provided by Grand Beauty. The Other Borrowing II was drawdown on 7 December 2015 ("Drawdown Date II"). The amount due is unsecured, wholly repayable in 2018 and interest bearing at fixed rate of 1.90% per annum.

The fair value of the Other Borrowing II on Drawdown Date II was US\$94,199,000 (equivalent to approximately HK\$730,129,000), which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing II is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.24% per annum. Imputed interest expense of approximately HK\$24,692,000 (six months ended 30 June 2015: Nil) (Note 7) has been recognised in profit or loss in the six months ended 30 June 2016. The carrying value of the Other Borrowing II was HK\$758,614,000 (31 December 2015: HK\$733,204,000) and it was classified as repayable after 2 years but within 5 years as at 30 June 2016 and 31 December 2015.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 17. BORROWINGS (Continued)

Notes: (Continued)

- (e) On 5 August 2015, a borrowing amounted to HK\$1,000 million ("Other Borrowing III") was provided by Grand Beauty, which is unsecured, wholly repayable in 2025 and interest bearing at fixed rate of 2.04% per annum. The Other Borrowing III was drawdown on 7 August 2015 ("Drawdown Date III").

The fair value of the Other Borrowing III on Drawdown Date III was HK\$431,361,000, which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing III is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.34% per annum. Imputed interest expense of approximately HK\$15,725,000 (six months ended 30 June 2015: Nil) (Note 7) has been recognised in profit or loss in six months ended 30 June 2016. The carrying value of the Other Borrowing III was HK\$459,175,000 (31 December 2015: HK\$443,451,000) and was classified as repayable after 5 years as at 30 June 2016 and 31 December 2015.

- (f) On 31 August 2015, the Group has entered into a new facility agreement with Grand Beauty with the facility amount of US\$700 million (equivalent to approximately HK\$5,431,146,000). The facility has not been utilised as at 30 June 2016. The facility granted is unsecured, wholly repayable in 2020 and interest bearing at fixed rate of 2.04% per annum.

## 18. SHARE CAPITAL

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Issued and fully paid:		
450,990,000 (2015: 448,100,000) ordinary shares	<b>184,881</b>	180,658
Exercise of share options	—	4,223
	<b>184,881</b>	184,881

There are no changes in the composition of the issued capital of the Company during the current interim period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 19. CONVERTIBLE PREFERENCE SHARES RESERVE

On 23 December 2014, the Company issued 1,300,000,000 non-voting convertible preference shares of HK\$3 each (the "CPSs") with total subscription price of HK\$3,900,000,000 to its parent, Grand Beauty, after having obtained the approval from the independent shareholders of the Company at the extraordinary general meeting held on the same date.

All the CPSs are non-redeemable by the Company and the CPSs holder shall have no right to request the Company to redeem any of the CPSs. Also subject to certain limited exceptions, the CPSs holder is not permitted to attend or vote at meetings of the Company. The board of directors of the Company may, in its sole discretion, elect not to pay dividend on the CPSs in any year, and the dividend not paid shall be extinguished and not be carried forward (the "Discretionary Nonpayment Restriction"). Save for a non-cumulative floating preference dividend at the floating rate per annum determined with reference to the prevailing annualised yield-to-maturity rate of the 10-year Government Bonds issued by the Hong Kong Government (which is subject to the Discretionary Non-payment Restriction), the CPSs shall not entitle the CPSs holders thereof to any further or other right of participation in the profits of the Company.

During the term of the CPSs, subject to certain conversion restrictions, the holder of the CPSs shall only have right to convert all or part of any CPSs into new ordinary shares at any time after the end of the period of 5 years commencing from the issue date of the CPSs, at the initial conversion price of HK\$3 per convertible preference share, subject to adjustments.

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

As the conversion option involves only a conversion of a fixed number of the Company's ordinary shares (ie. settled by the exchange of fixed amount of equity), the CPSs are classified as equity instruments accordingly.

The CPSs' proceeds of HK\$3,900,000,000, net of professional expenses of HK\$1,302,000, was recognised as the convertible preference shares reserve as at 30 June 2016 and 31 December 2015.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 20. DISPOSAL OF SUBSIDIARY

On 19 May 2016, the Company entered into a sale and purchase agreement to dispose of Chance Bright and assigned the benefits of all loans amounted to HK\$2,308,875,000 advanced by the Group (the "Loan Assignment") to Xin Cai Global Holdings Limited at the cash consideration of approximately RMB970,000,000 (equivalent to approximately HK\$1,131,379,000). Chance Bright was an investment holding company and it directly held the 50% equity interest in two joint venture companies, being (i) Sino Prosperity Real Estate Limited (Note 12(a)) and (ii) Sino Prosperity Real Estate Advisor Limited (Note 12(a)). After the completion of disposal, Chance Bright would cease to be a subsidiary of the Company. The disposal of Chance Bright was completed on 28 June 2016. Details of the disposal were set out in the announcements of the Company dated 19 May 2016 and 28 June 2016 and the circular of the Company dated 10 June 2016.

The loss arising from the disposal was included as "Loss on disposal of a subsidiary" in the condensed consolidated income statement and is calculated as follows:

	HK\$'000
<b>Net liabilities disposed of:</b>	
Interests in joint ventures (Note 12)	1,060,153
Prepayments	15
Amount due to an immediate holding company	(2,308,875)
	<hr/>
	(1,248,707)
<b>Loss on disposal of a subsidiary:</b>	
Consideration received	1,131,379
Net liabilities disposed of	1,248,707
Cumulative exchange differences in respect of the net assets of the disposed subsidiary reclassified from equity to profit or loss	(73,406)
Loan Assignment	(2,308,875)
Direct expenses in relation to the disposal of a subsidiary	(5,193)
	<hr/>
<b>Loss on disposal of a subsidiary</b>	<b>(7,388)</b>
	<hr/> <hr/>
Satisfied by:	
Cash	1,131,379
	<hr/> <hr/>

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

	HK\$'000
Net cash inflow arising from disposal of a subsidiary:	
Cash consideration received	1,131,379
	<hr/> <hr/>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 21. OPERATING LEASE COMMITMENTS

### The Group as lessee:

At the end of reporting period, 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:

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>4,762</b>	4,842
In the second to fifth year inclusive	<b>857</b>	3,203
	<b>5,619</b>	8,045

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

### The Group as lessor:

Property rental income earned during the period 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 end of the reporting period, 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:

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>11,348</b>	13,013
In the second to fifth year inclusive	<b>4,173</b>	4,105
	<b>15,521</b>	17,118

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 22. CAPITAL COMMITMENTS

Capital expenditures contracted for but not provide in the Interim Financial Statements in respect of:

	<b>30 June 2016</b>	31 December 2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Capital contribution to a joint venture	—	353,765
Capital contribution to an unlisted investment (Note 13(c)(v))	<b>2,187</b>	2,187
Acquisition of properties held for resale located in the US	<b>370,094</b>	—
Acquisition of investment properties located in Hong Kong	<b>12,420</b>	—
	<b>384,701</b>	355,952

## 23. RELATED PARTY TRANSACTIONS

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2016 is HK\$4,457,000 (six months ended 30 June 2015: HK\$6,958,000).

Other than the loans to a joint venture, amount due to a fellow subsidiary and borrowings as disclosed in respective notes and transactions disclosed below, the Group did not entered into any other transactions with related parties.

In addition to those related party transactions disclosed elsewhere in the financial statements, during the six months ended 30 June 2016, 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.

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Transaction with parent		
— Interest paid/payable	<b>27,185</b>	14,313
Transactions with fellow subsidiaries:		
— Rents paid	<b>208</b>	279
— Building management fee paid	<b>21</b>	10
	<b>229</b>	289
Transaction with a joint venture		
— Other loan interest income	<b>12,124</b>	—

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 24. FAIR VALUE MEASUREMENT

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 condensed consolidated 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 13(c)(i), c(ii) & c(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 30 June 2016, the fair values of available-for-sale investments and financial instruments held for trading are HK\$366,417,000 (31 December 2015: HK\$361,262,000) and HK\$71,935,000 (31 December 2015: HK\$155,825,000) respectively.

## Other Information

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

As at 30 June 2016, the interests and short positions of the directors (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 (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (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 as mentioned in the section headed “Share Option Scheme” below, share options were granted to the following Directors which entitled them to subscribe for ordinary shares of the Company (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 30 June 2016 were as follows:

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 30 June 2016	Exercise price per Share HK\$	Approximate percentage of interest in the issued Shares as at 30 June 2016
LI Ming	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	4,000,000 (L)	0.96	0.887%
SUM Pui Ying	Beneficial owner	26 August 2011	26 August 2011 — 22 June 2021	2,000,000 (L)	1.40	0.443%
		9 August 2013	9 August 2013 — 22 June 2021	16,000,000 (L) (Note 1)	0.96	3.548%
				Total: 18,000,000 (L)		3.991%

## Other Information

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 30 June 2016	Exercise price per Share HK\$	Approximate percentage of interest in the issued Shares as at 30 June 2016
CUI Yueming	Beneficial owner	9 March 2015	9 March 2015 — 22 June 2021	790,000 (L)	1.27	0.175%
LAI Kwok Hung, Alex	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	3,000,000 (L)	0.96	0.665%
		9 March 2015	9 March 2015 — 22 June 2021	500,000 (L)	1.27	0.111%
				Total: 3,500,000 (L)		0.776%
LI Hongbo	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	1,000,000 (L)	0.96	0.222%
		9 March 2015	9 March 2015 — 22 June 2021	500,000 (L)	1.27	0.111%
				Total: 1,500,000 (L)		0.333%

### Notes:

- 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 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 and second anniversaries of 9 August 2013 have already passed, a further 8,000,000 share options have been vested. Therefore, as at 30 June 2016, a total 12,000,000 share options were vested in Mr. SUM Pui Ying pursuant to the terms of the service contract.
- The letter "**L**" denotes a long position in the Shares.

## Other Information

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

As at 30 June 2016, the interests of the Directors in the shares of Sino-Ocean Group Holding Limited (“**Sino-Ocean**”, together with its subsidiaries, the “**Sino-Ocean Group**”) (being an associated corporation of the Company) were as follows:

Name of Directors	Capacity	Number of shares in Sino-Ocean	Approximate percentage of interest in the issued share capital of Sino-Ocean as at 30 June 2016
LI Ming	Beneficial owner	3,127,000 (L)	0.042%
	Founder of discretionary trust	127,951,178 (L) (Note 1)	1.703%
	Beneficiary of trust	8,652,117 (L) (Note 2)	0.115%
		<hr/> Total: 139,730,295 (L)	1.860%
SUM Pui Ying	Beneficial owner	1,475,330 (L)	0.020%
CUI Yueming	Beneficial owner	84,373 (L)	0.001%
LI Hongbo	Beneficial owner	76,296 (L)	0.001%

Notes:

1. The 127,951,178 shares in Sino-Ocean are held by a discretionary trust of which Mr. LI Ming is a founder.
2. The 8,652,117 shares in Sino-Ocean 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.

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

Sino-Ocean has adopted two schemes for the benefits of eligible directors and employees of Sino-Ocean Group in order to provide an incentive for directors and employees of the Sino-Ocean Group.

One of the schemes is the restricted share award scheme adopted by Sino-Ocean on 22 March 2010 (the “**Adoption Date**”) as an incentive to retain and encourage the employees of the Sino-Ocean Group for the continual operation and development of the Sino-Ocean Group. Pursuant to the restricted share award scheme, shares up to 3% of the issued share capital of Sino-Ocean as at the Adoption Date shall be purchased by the trustee from the market out of cash contributed by the Sino-Ocean 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, which is valid and effective for a period of 10 years until 27 September 2017, unless it is terminated early 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 Group to work with commitment towards enhancing the value of Sino-Ocean and to compensate employees of the Sino-Ocean Group for their contribution based on their individual performance. Under the share option scheme of Sino-Ocean, share options may be granted to eligible directors and employees of the Sino-Ocean Group to subscribe for new shares in Sino-Ocean.

In respect of the restricted share award scheme of Sino-Ocean, 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 (being an associated corporation of the Company) pursuant to the provisions of the SFO. Details of share awards held by them as at 30 June 2016 were as follows:

Name of Directors	Capacity	Date of grant	Number of shares in Sino-Ocean awarded but not yet vested as at 30 June 2016	Approximate percentage of interest in the issued share capital of Sino-Ocean as at 30 June 2016
LI Ming	Beneficial owner	18 March 2014	699,525 (L)	0.009%
		18 March 2015	1,411,358 (L)	0.019%
		25 March 2016	1,871,200 (L)	0.025%
		Total: 3,982,083 (L)	0.053%	
SUM Pui Ying	Beneficial owner	18 March 2014	235,575 (L)	0.003%
		18 March 2015	508,095 (L)	0.007%
		25 March 2016	657,500 (L)	0.009%
		Total: 1,401,170 (L)	0.019%	



## Other Information

Name of Directors	Capacity	Date of grant	Number of shares in Sino-Ocean awarded but not yet vested as at 30 June 2016	Approximate percentage of interest in the issued share capital of Sino-Ocean as at 30 June 2016
CUI Yueming	Beneficial owner	18 March 2014	40,500 (L)	0.001%
		18 March 2015	56,438 (L)	0.001%
		25 March 2016	97,900 (L)	0.001%
		Total: 194,838 (L)	0.003%	
LI Hongbo	Beneficial owner	18 March 2014	33,075 (L)	less than 0.001%
		18 March 2015	56,438 (L)	0.001%
		25 March 2016	163,100 (L)	0.002%
		Total: 252,613 (L)	0.003%	

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

Regarding the share option scheme adopted by Sino-Ocean, the following Directors had been granted share options to subscribe for shares in Sino-Ocean and were accordingly regarded as interested in the underlying shares of Sino-Ocean (being an associated corporation of the Company) pursuant to the provisions of the SFO. Details of the share options of Sino-Ocean held by them as at 30 June 2016 were as follows:-

Name of Directors	Capacity	Date of grant of share options	Exercise period (Note 4)	Number of shares in Sino-Ocean over which options are exercisable as at 30 June 2016	Exercise price per share HK\$	Approximate percentage of interest of such share options held as at 30 June 2016 relative to the issued share capital of Sino-Ocean as at 30 June 2016
LI Ming	Beneficial owner	12 January 2012	(Note 1)	6,280,000 (L)	3.57	0.084%
		27 August 2015	(Note 2)	1,800,000 (L)	4.04	0.024%
		13 April 2016	(Note 3)	20,000,000 (L)	3.80	0.266%
		Total: 28,080,000 (L)		0.374%		
SUM Pui Ying	Beneficial owner	12 January 2012	(Note 1)	2,330,000 (L)	3.57	0.031%
		27 August 2015	(Note 2)	800,000 (L)	4.04	0.011%
		13 April 2016	(Note 3)	5,000,000 (L)	3.80	0.067%
		Total: 8,130,000 (L)		0.108%		

## Other Information

Name of Directors	Capacity	Date of grant of share options	Exercise period (Note 4)	Number of shares in Sino-Ocean over which options are exercisable as at 30 June 2016	Exercise price per share HK\$	Approximate percentage of interest of such share options held as at 30 June 2016 relative to the issued share capital of Sino-Ocean as at 30 June 2016
CUI Yueming	Beneficial owner	12 January 2012	(Note 1)	200,000 (L)	3.57	0.003%
		27 August 2015	(Note 2)	450,000 (L)	4.04	0.006%
		13 April 2016	(Note 3)	3,000,000 (L)	3.80	0.040%
		Total:		3,650,000 (L)		0.049%
LI Hongbo	Beneficial owner	27 August 2015	(Note 2)	700,000 (L)	4.04	0.009%
		13 April 2016	(Note 3)	4,000,000 (L)	3.80	0.053%
		Total:		4,700,000 (L)		0.063%

### Notes:

- Exercisable from 12 January 2013 to 11 January 2017.
- Exercisable from 27 August 2016 to 26 August 2020.
- Exercisable from 13 April 2017 to 12 April 2021.
- All the above share options of Sino-Ocean 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.
- The letter "L" denotes a long position in the shares in Sino-Ocean.

As at 30 June 2016, 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 Transaction by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

## Other Information

### SHARE OPTION SCHEME

At an extraordinary general meeting of the Company held on 23 June 2011, a share option scheme (the “**Share Option Scheme**”) of the Company was adopted by the shareholders of the Company.

Details of share option movements under the Share Option Scheme during the six months ended 30 June 2016 (the “**Interim Period**”) were summarized as follows:

	Date of grant	Exercise price per Share HK\$	Number of Shares over which options are exercisable				Balance as at 30 June 2016	Exercise period
			Balance as at 1 January 2016	Granted during the Interim Period	Exercised during the Interim Period	Lapsed during the Interim Period		
<b>Directors</b>								
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
CUI Yueming	9 March 2015	1.27	790,000 (L)	—	—	—	790,000 (L)	9 March 2015 – 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
	9 March 2015	1.27	500,000 (L)	—	—	—	500,000 (L)	9 March 2015 – 22 June 2021
LI Hongbo	9 August 2013	0.96	1,000,000 (L)	—	—	—	1,000,000 (L)	9 August 2013 – 22 June 2021
	9 March 2015	1.27	500,000 (L)	—	—	—	500,000 (L)	9 March 2015 – 22 June 2021
<b>Employees of the Group</b>								
	26 August 2011	1.40	1,300,000 (L)	—	—	—	1,300,000 (L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	5,820,000 (L)	—	—	—	5,820,000 (L)	9 August 2013 – 22 June 2021
	9 March 2015	1.27	3,000,000 (L)	—	—	—	3,000,000 (L)	9 March 2015 – 22 June 2021
Total			37,910,000 (L)	—	—	—	37,910,000 (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 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 and second anniversaries of 9 August 2013 have already passed, a further 8,000,000 share options have been vested. Therefore, as at 30 June 2016, a total 12,000,000 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.

## 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 the section headed “SHARE OPTION SCHEME” above:

- (a) at no time during the Interim Period 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 Interim Period.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2016, 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 Share	Approximate percentage of interest in the issued Share as at 30 June 2016
Sino-Ocean	Interest of controlled corporations (Note 2)	1,612,504,625 (L)	357.55%
Shine Wind Development Limited	Interest of controlled corporations (Note 2)	1,612,504,625 (L)	357.55%
Faith Ocean International Limited	Interest of controlled corporations (Note 2)	1,612,504,625 (L)	357.55%
Sino-Ocean Land (Hong Kong) Limited ("SOL HK")	Interest of controlled corporations (Note 2)	1,612,504,625 (L)	357.55%
Grand Beauty Management Limited ("Grand Beauty")	Beneficial owner	312,504,625 (L)	69.29%
	Beneficial owner	1,300,000,000 (L) (Note 1)	288.25%
	Total:	1,612,504,625 (L)	357.55%

Notes:

- 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, upon exercise in full the conversion rights attaching to the 1.3 billion non-voting convertible preference shares issued by the Company on 23 December 2014.
- 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. 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 was deemed under the SFO to be interested in the 1,612,504,625 Shares in which Grand Beauty was interested.
- The letter "L" denotes a long position in the Shares.

Save as disclosed herein, as at 30 June 2016, 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 issued Shares.

### CORPORATE GOVERNANCE

During the Interim Period, the Company has complied with the applicable code provisions (the “**Code Provisions**”) of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as and when they were/are in force, except for Code Provisions A.6.7 and E.1.2 which require that Mr. LI Ming (the honorary chairman of the Board and a non-executive Director, the “**Honorary Chairman**”) and all other non-executive Directors shall attend general meetings of the Company.

Due to other pre-arranged business commitments which had to be attended, (i) the Honorary Chairman and Mr. LI Hongbo (being a non-executive Director) were unable to attend the annual general meeting of the Company held on 22 April 2016 and the extraordinary general meeting of the Company held on 28 June 2016 (the “**EGM**”); and (ii) Mr. DENG Wei (being an independent non-executive Director) was unable to attend the EGM.

### REVIEW BY AUDITOR AND AUDIT COMMITTEE

At the request of the audit committee of the Company (the “**Audit Committee**”), the auditor of the Company has carried out a review of the unaudited interim financial information of the Group for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial information of the Group for the six months ended 30 June 2016.



## Other Information

### **CODES FOR SECURITIES TRANSACTION BY DIRECTORS AND RELEVANT EMPLOYEES**

The Company has adopted the Model Code 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 Interim Period.

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.

### **CHANGE IN DIRECTOR'S INFORMATION**

Change in information on Directors since the date of the Annual Report 2015 of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. LI Hongbo was appointed as an executive director and a member of investment committee of Sino-Ocean (a company listed on the Stock Exchange) (Stock Code: 3377, a controlling shareholder of the Company) with effect from 22 March 2016.

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

### **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 Interim Period.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient amount of public float for its shares as required under the Listing Rules throughout the Interim Period.



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

A facility agreement dated 23 January 2014 (as amended and supplemented by a supplemental deed dated 7 January 2015) (the “**Facility Agreement**”) was entered into between the Company (as borrower), Sino-Ocean (a controlling shareholder of the Company, as guarantor) and DBS Bank Ltd., Hong Kong Branch (as 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 23 January 2014.

Pursuant to the Facility Agreement, each of the Company and Sino-Ocean shall ensure that Sino-Ocean 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 Facility Agreement.

On behalf of the Board

**LAI Kwok Hung, Alex**  
*Executive Director*

22 July 2016

# Corporate Information

## BOARD OF DIRECTORS

### Honorary Chairman

LI Ming

### Executive Directors

SUM Pui Ying (Chief Executive Officer)  
CUI Yueming  
LAI Kwok Hung, Alex

### Non-executive Directors

LI Ming (Honorary Chairman)  
LI Hongbo

### Independent Non-executive Directors

LAW Tze Lun  
LO Woon Bor, Henry  
DENG Wei

## AUDIT COMMITTEE

LAW Tze Lun (Chairman)  
LO Woon Bor, Henry  
DENG Wei

## REMUNERATION COMMITTEE

LAW Tze Lun (Chairman)  
LO Woon Bor, Henry  
DENG Wei

## NOMINATION COMMITTEE

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

## INVESTMENT COMMITTEE

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

## COMPANY SECRETARY

YUE Pui Kwan

## AUTHORISED REPRESENTATIVES

LAI Kwok Hung, Alex  
YUE Pui Kwan

## AUDITOR

BDO Limited  
Certified Public Accountants

## LEGAL ADVISOR

Sit Fung Kwong & Shum

## PRINCIPAL BANKERS

DBS Bank Limited  
The Bank of East Asia, Limited  
Bank of Communications Co., Ltd.  
Hong Kong Branch

## 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](http://www.geminiinvestments.com.hk)