盛洋投资

Gemini Investments (Holdings) Limited

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

2018
Interim Report

CONTENTS

Financial Highlights

(HKD'000)	**Six months ended 30 June 2018 (unaudited)**	Six months ended 30 June 2017 (unaudited)
Revenue	**92,214**	35,643
Profit/(loss) before income tax	**31,077**	(81,343)
Profit/(loss) for the period	**24,350**	(92,225)
Profit/(loss) attributable to owners of the Company	**15,874**	(92,225)
Earnings/(losses) per share — basic (HK dollar)	**0.04**	(0.20)
Earnings/(losses) per share — diluted (HK dollar)	**0.02**	N/A

(HKD'000)	**As at 30 June 2018 (unaudited)**	As at 31 December 2017 (audited)
Total assets	**7,568,123**	6,589,265
Equity attributable to owners of the Company	**5,458,647**	5,475,671
Cash and cash equivalents	**1,612,704**	1,514,828

On behalf of the board of directors of Gemini Investments (Holdings) Limited (the "Company") (the "Director(s)" or the "Board"), I have the pleasure to present the result of the Company and its subsidiaries (together referred to as "our Group" or "We"/"we") for the six months ended 30 June 2018 (the "Interim Period").

INTERIM RESULTS FOR 2018

During the Interim Period, our Group recorded a profit attributable to its owners of approximately HK$15.9 million as compared to a loss attributable to owners of the Company of approximately HK$92.2 million for the corresponding period ended 30 June 2017. Such turnaround from loss to profit was mainly attributable to the combined effect of:

(i) reduction in finance costs of the Company by approximately HK$67.6 million during the Interim Period, mainly as a result of the capital structure improvement of the Company implemented in 2017 which effectively reduced non-cash imputed interest expense and interest expense relating to a shareholder's loan owed by the Company to Grand Beauty Management Limited ("Grand Beauty"), a subsidiary of our controlling shareholder, Sino-Ocean Group Holding Limited ("Sino-Ocean");

(ii) our Group's acquisition of equity interests in an investment partnership (the "Investment Partnership") that owns and operates a premier office campus in the heart of San Francisco Peninsula, California, United States of America (the "U.S."), which contributed the growth of rental revenue of approximately HK$25.4 million during the Interim Period; and

(iii) increase in dividend income by approximately HK$31.3 million, mainly as a result of the harvest of certain fund investments of the Group invested in early years.

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

CORE MOVES DURING THE INTERIM PERIOD

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

With respect to the investment in fund platform, the Group continued to seek valuable investment opportunities in our targeted and selected markets in order to maximise our investment return and diversify our fund platform business. In February 2018, our Group acquired the general partner interest and certain limited partner interest of the Investment Partnership at a purchase consideration of approximately US$7.4 million. Such acquisition enables our Group to further develop its core business strategy, and helps our Group to enrich and extend its strategic business connection with stakeholders. In addition to recurring rental revenue, our Group will also be enjoying asset management fee as well as back-end carried interest of the Investment Partnership from capital appreciation of its underlying property.

Chairman's Statement

With respect to the property development, our Group has been working together with our well-established business partners on our pilot redevelopment project located at 531-537, 539th Sixth Avenue of Manhattan, the heart of New York City. With a redevelopment plan of gross floor area of approximately 80,000 square feet submitted for the project, our Group has commenced the demolition works of the existing two vacant buildings on the project site in the second quarter of 2018, with construction work expected to start in the third quarter of 2018.

DEVELOPMENT PROSPECTS

Looking forward, our Group aims to pursue further our core businesses and capture any incoming investment opportunities under the changing market environment, leveraging on our established market knowhow, networks and relationships.

We will keep on taking root in the U.S. real estate market, especially core markets, through the strategic alignment with Gemini-Rosemont Realty LLC ("GR Realty"), our fund investment platform in the U.S., which could enable us to adopt swift response to the rapid changing investment environment. GR Realty is a fully-integrated investment platform, with asset under management of approximately US$1.4 billion, covering 19 states across the U.S., and with extensive local market experience which is able to identify and minimize investment risk level, and respond to the market trend in a timely manner.

Apart from the U.S. market, our Group is also exploring and seeking sound business opportunities globally in core markets with great potential, including but not limited to Hong Kong and China Greater Bay Area.

Our Group will continue to focus on developing a mutually beneficial relationship with our business partners, enlarging our investment platform locally and globally, with our commitment to improve our shareholders' return in the foreseeable future.

APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all shareholders, investors, business partners and bank enterprises for being supportive; also to our directors, management and our staff for their hard and dedicated work. With the continuous support from our controlling shareholder, Sino-Ocean, we will continue to forge ahead and accelerate our growth and development in the future.

LI Ming
Honorary Chairman

Hong Kong, 27 July 2018

FINANCIAL REVIEW

Revenue

During the Interim Period, our Group recorded a significant increase in revenue to approximately HK$92.2 million (for the six months ended 30 June 2017: approximately HK$35.6 million), which was mainly due to (i) increase in rental income of approximately HK$25.4 million as a result of our acquisition in the first half of 2018 of equity interests of the Investment Partnership which owns a premier office campus in the heart of San Francisco Peninsula, California, the U.S., and (ii) increase in dividend income by approximately HK$31.3 million mainly as a result of the harvest of certain fund investments of our Group invested in early years.

Share of Results of Joint Ventures

Loss arising from share of results of joint ventures of approximately HK$28.1 million (for the six months ended 30 June 2017: gain of approximately HK$9.1 million) was recorded during the Interim Period, which was attributable to the share of loss in our U.S. real estate fund platform – GR Realty. Due to the uneven development between cities and submarkets in the U.S. real estate market, GR Realty proactively refined its strategy since last year aiming more focus and resources in selected core cities and submarkets, so as to capture incoming opportunities. During the Interim Period, certain projects in non-core cities and submarkets were realised, resulting in a loss to GR Realty.

Finance Costs

Our Group recorded a significant decrease in finance costs to approximately HK$14.3 million during the Interim Period as compared to approximately HK$81.8 million for the six months ended 30 June 2017, as a result of the capital structure improvement of the Company implemented in 2017 which effectively reduced non-cash imputed interest expense and interest expense relating to a shareholder's loan owed by the Company to Grand Beauty, a subsidiary of Sino-Ocean. With the continued strong financial support from Sino-Ocean, under the capital structure improvement, the shareholder's loan was replaced by the issuance of a perpetual bond to Grand Beauty in May 2017, which was recognised as the equity of the Company. As a result, no further finance expense was recognised for the shareholder's loan after the issuance of the perpetual bond.

Profit Attributable to Owners of the Company

During the Interim Period, the Group recorded a profit attributable to owners of the Company of approximately HK$15.9 million as compared to a loss attributable to owners of the Company of approximately HK$92.2 million for the corresponding period ended 30 June 2017. Consequently, our Group recorded basic earnings per ordinary share of approximately HK$0.04 for the Interim Period versus basic losses per ordinary share of approximately HK$0.20 for the six months ended 30 June 2017. The diluted earnings per ordinary share for the Interim Period was HK$0.02 (for the six months ended 30 June 2017: N/A as a result of anti-dilutive effect). Our management will continue to focus on the improvement of our shareholders' return as their on-going principal task.

Capital Reduction and Amendments to the terms of the Convertible Preference Shares

Aiming for more flexible dividend policy and enhancing the confidence of our shareholders, potential investors and business partners so as to benefit our Group's future business development and in particular along with the continued strong financial support from Sino-Ocean, our Group has been actively seeking for ways to improve its financial position and optimise its capital structure.

On 26 January 2018, the Company entered into a second deed of cancellation with Grand Beauty for the implementation of the proposed capital reduction involving the cancellation of 43,333,334 convertible preference shares held by Grand Beauty, which represented approximately 5.23% of all the convertible preference shares of the Company then in issue. The capital reduction has become effective on 3 May 2018, and a credit in the amount of approximately HK$130.0 million has arose from the capital reduction and been transferred and credited to a capital reduction reserve account of the Company, which will be available to set off against any accumulated losses of the Company and/or to make distribution to its shareholders in the future when appropriate. Details of the transaction are set out in the announcements of the Company dated 28 January 2018 and 3 May 2018 and circular of the Company dated 28 February 2018.

On 26 January 2018, the Company also entered into a second supplemental deed with Grand Beauty, pursuant to which the parties conditionally agreed to amend certain terms of the convertible preference shares of the Company (the "CPS"), which include: (i) acceleration of the commencement of the conversion period of the CPS such that it will commence on the first business day immediately after the proposed amendments become effective under the terms of the second supplemental deed; (ii) increase of the conversion price of the CPS from HK$3 to HK$6 (subject to adjustments); and (iii) adjustment to the dividends payable on the CPS from a non-cumulative floating rate per annum to a fixed rate of 3% per annum.

The proposed amendments under the second supplemental deed, which constituted a connected transaction of the Company under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, had been approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 28 March 2018 and had become effective on 25 April 2018. Details of the transaction are set out in the announcement of the Company dated 28 January 2018 and circular dated 28 February 2018.

Financial Resources and Liquidity

The principal amount of our total borrowings increased from approximately HK$500.0 million as at 31 December 2017 to approximately HK$926.1 million as at 30 June 2018, mainly as a result of recognition of bank borrowing denominated in US dollars of approximately 54.3 million (equivalent to approximately HK$426.1 million) attributable to the Investment Partnership whose equity interests were acquired by us in the first half of 2018 and whose assets and liabilities are consolidated accordingly, in our Group's consolidated financial statements. Borrowings with principal amount of HK$100.0 million will be repaid in one year. Apart from the above, our Group did not have any other interest-bearing debt as at 30 June 2018.

The net gearing ratio of our Group is calculated based on total borrowings less cash resources divided by total shareholders' equity. As at 30 June 2018, total cash resources (including bank balances and cash and short-term bank deposits) of our Group amounted to approximately HK$1,612.7 million (as at 31 December 2017: approximately HK$1,514.8 million) which is sufficient to pay off all borrowings of our Group with a principal amount of approximately HK$926.1 million as at 30 June 2018 (as at 31 December 2017: approximately HK$500.0 million). Therefore, our Group did not have any gearing on a net debt basis as at 30 June 2018 and as at 31 December 2017.

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

Financial Guarantees

As at 30 June 2018, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 30 June 2018, our Group had pledged deposits of approximately HK$27.2 million (as at 31 December 2017: Nil) and pledged investment properties in the U.S. with a carrying value of approximately HK$709.5 million (as at 31 December 2017: Nil). The pledged deposits and investment properties have been used to secure a long term bank borrowing of approximately US$54.3 million (equivalent to approximately HK$426.1 million) of the Investment Partnership, with a fixed interest rate of around 3.72% per annum.

OPERATION REVIEW

During the Interim Period, our Group adhered to the philosophy of value investment and actively optimising 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 6 to the unaudited condensed consolidated financial statements of our Group as disclosed in this report below.

Investment in Fund Platform

GR Realty, in which our Group has 45% membership interests, acts as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the U.S.. During the Interim Period, our Group shared a loss of approximately HK$28.1 million as a result of its interest in GR Realty and received dividend of approximately HK$5.4 million from certain syndicated projects controlled by GR Realty. As at 30 June 2018, our interest in GR Realty, together with interest in certain syndicated projects controlled by GR Realty, amounted to approximately HK$950.2 million.

During the Interim Period, GR Realty continued to engage in the ownership and/or management of its investment portfolio, comprising over 52 commercial properties (81 buildings), with over 10.6 million square feet in 19 states across the U.S.. Our Group is able to leverage on GR Realty's solid experience and good relationship with an aim to capture the growth in the U.S. property market and strengthen our Group's presence therein proactively, 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 February 2018, our Group completed acquisition of 100% equity interests of a general partner and 19.5% equity interest of a limited partner of the Investment Partnership, which owns and operates a premier office campus in the heart of San Francisco Peninsula, California, the U.S. (the "Office Property"), for a cash consideration of approximately US$7.4 million (equivalent to approximately HK$57.8 million). Such acquisition enables our Group to have effective control over the respective general partners of the Investment Partnership, and therefore our Group has the full, exclusive and complete right, power, and discretion to operate, manage, and control the business and affairs of the Investment Partnership. Follow the acquisition, the Office Property is recognised as an investment property to generate stable rental income with contribution of rental income of approximately HK$25.4 million during the Interim Period. The Office Property comprises a 3-storey commercial building with gross floor area of approximately 159,000 square feet and is entirely let to an investment grade credit-backed tenant (being a member of a group which is one of the world's leading manufacturers of automobiles and commercial vehicles) for use as its laboratory offices. The Office Property is expected to be positioned as the strategic key centre of the tenant in the U.S..

Property Investments and Development

During the Interim Period, the Group recorded a revaluation gain for its investment properties of approximately HK$22.7 million (for the six months ended 30 June 2017: approximately HK$14.9 million), and has acquired a residential unit and a carparking space in Hong Kong at a total consideration of HK$12.8 million and disposed of a residential unit in New York at a consideration of US$1.2 million (equivalent to approximately HK$9.4 million). As at 30 June 2018, our Group held investment properties comprising A-grade office premises in Hong Kong and U.S. with gross floor area of approximately 14,000 square feet and 305,000 square feet respectively, and residential units and carparking space in Hong Kong and New York with gross floor area of approximately 1,000 square feet and 17,000 square feet respectively. For all the above investment properties (based on square feet), the average occupancy rate was over 85% and the contracted occupancy rate was over 94% as at 30 June 2018.

For the redevelopment project located at 531-537, 539th Sixth Avenue of Manhattan, the heart of New York City which was acquired in 2017 with a consideration of US$53.0 million, our Group has submitted a redevelopment plan for the project, aiming to redevelop the site as a mixed-use residential development. According to the application filed for the proposed redevelopment plan which is still subject to approvals, the proposed redevelopment comprises a 145-foot tall building structure yielding approximately 80,000 square feet of gross floor area, with approximately 54,000 square feet dedicated to residential use involving the estimated creation of 45 condominiums (some being duplex units), and approximately 6,000 square feet for commercial-retail spaces on the ground floor. The demolition work of the existing buildings on the project site have been started during the Interim Period. Our Group targets to structure unique product types in this pilot development site with splendid amenities.

Fund Investments

Our fund investment portfolio, which was reclassified from available-for-sale investments to financial assets at fair value through profit or loss during the Interim Period, recorded carrying value of approximately HK$2,260.1 million as at 30 June 2018 (as at 31 December 2017: approximately HK$2,213.1 million), and a gain arising from changes in the fair value of financial assets of approximately HK$4.0 million was recorded during the Interim Period. During the Interim Period, dividend income of approximately HK$37.7 million has been recognised as a result of harvest of certain fund investments of the Group invested in early years.

Through fund investments, our Group targets 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.

Securities and Other Investments

During the Interim Period, our Group recorded a loss from changes in fair value of financial instruments held for trading of approximately HK$24.2 million due to volatile global capital market in the Interim Period (for the six months ended 30 June 2017: a loss of approximately HK$24.9 million). Also, our Group recorded dividend income from securities and other investments of approximately HK$11.0 million (for the six months ended 30 June 2017: approximately HK$17.3 million) which was mainly as a result of return of approximately HK$9.3 million from our investment in a property development project in Melbourne, Australia.

As at 30 June 2018, our securities investment portfolio mainly consisted of investment in listed securities in Hong Kong and overseas of approximately HK$289.0 million (as at 31 December 2017: HK$267.8 million). Securities investment forms part of our Group's cash management activities aiming proper diversification to avoid the fluctuation of any single market.

Employees

As at 30 June 2018, the total number of staff employed was 30 (as at 31 December 2017: 26). During the Interim Period, the level of our overall staff cost was approximately HK$14.6 million (for the six months ended 30 June 2017: approximately HK$17.6 million).

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

Contingent Liabilities

As at 30 June 2018, our Group had no significant contingent liabilities.

Other information

The trade war between China and the U.S. has begun and is escalating, expecting to affect many regions including Hong Kong as well. Our Group will continue to closely monitor the position and our risk exposure and take any appropriate actions as and when appropriate.

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 14 to 63, which comprises the condensed consolidated statement of financial position of Gemini Investments (Holdings) Limited (the "Company") as of 30 June 2018 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.

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, 27 July 2018

Condensed Consolidated Income Statement

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	 2017 HK$'000 (Unaudited)
Sales proceeds from disposal of financial instruments held for trading	5	**407,876**	166,888
Revenue	6	**92,214**	35,643
Other income	7	**19,857**	22,359
Employee costs		**(14,648)**	(17,561)
Depreciation		**(937)**	(281)
Other expenses		**(34,384)**	(37,064)
Loss arising from changes in fair value of financial instruments held for trading		**(24,232)**	(24,900)
Gain arising from changes in fair value of financial assets at fair value through profit or loss		**3,980**	—
Gain on the bargaining purchase	20	**9,516**	—
Gain arising from changes in fair value of investment properties	12	**22,725**	14,856
Share of results of joint ventures	13	**(28,143)**	9,140
Provision for impairment loss on financial assets		**(620)**	(1,703)
Finance costs	8	**(14,251)**	(81,832)
Profit/(loss) before income tax		**31,077**	(81,343)
Income tax	9	**(6,727)**	(10,882)
Profit/(loss) for the period		**24,350**	(92,225)
Profit/(loss) for the period attributable to:			
Owners of the Company		**15,874**	(92,225)
Non-controlling interests		**8,476**	—
		24,350	(92,225)
Earnings/(losses) per share for profit/(loss) attributable to owners of the Company	10		
— Basic (HK dollar)		**0.04**	(0.20)
— Diluted (HK dollar)		**0.02**	N/A

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**24,350**	(92,225)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale investments	**—**	45,353
Exchange differences on translation of foreign operations	**3,713**	4,301
Other comprehensive income for the period	**3,713**	49,654
Total comprehensive income for the period	**28,063**	(42,571)
Total comprehensive income attributable to:		
Owners of the Company	**19,587**	(42,571)
Non-controlling interests	**8,476**	—
	28,063	(42,571)

Condensed Consolidated Statement of Financial Position

At 30 June 2018

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Non-current assets			
Investment properties	12	**1,405,533**	721,212
Property, plant and equipment		**57,043**	1,696
Interests in joint ventures	13	**950,157**	966,981
Financial assets at fair value through profit or loss	14	**2,272,006**	—
Available-for-sale investments		**—**	2,226,977
Loan receivables	15	**414,625**	415,271
Restricted bank deposits	16	**11,315**	—
		5,110,679	4,332,137
Current assets			
Deposits, prepayments and other receivables		**30,091**	11,960
Properties under development		**456,077**	442,011
Loan receivables	15	**20,624**	20,543
Financial instruments held for trading		**289,006**	267,786
Restricted bank deposits	16	**48,942**	—
Bank balances and cash		**1,612,704**	1,514,828
		2,457,444	2,257,128
Current liabilities			
Other payables and accrued charges		**85,613**	49,081
Amount due to an intermediate holding company	17	**728,988**	552,675
Taxation payable		**57**	410
Borrowings	18	**98,087**	48,066
Convertible preference shares	21	**75,622**	—
		988,367	650,232
Net current assets		**1,469,077**	1,606,896
Total assets less current liabilities		**6,579,756**	5,939,033

Condensed Consolidated Statement of Financial Position

At 30 June 2018

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Capital and reserves			
Share capital	19	**185,453**	184,881
Reserves		**5,273,194**	5,290,790
Equity attributable to owners of the Company		**5,458,647**	5,475,671
Non-controlling interests		**276,918**	—
Total equity		**5,735,565**	5,475,671
Non-current liabilities			
Borrowings	18	**826,060**	448,882
Deferred tax liabilities		**18,131**	14,480
		844,191	463,362
Total equity and non-current liabilities		**6,579,756**	5,939,033

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

(Unaudited)	Share capital (Note 19)	Convertible preference shares reserve (Note 21)	Perpetual bond (Note 22)	Capital contribution reserve	Share option reserve	Available-for-sale financial assets reserve	Translation reserve	Accumulated losses	Attributable to owners of the Company
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2017	184,881	3,898,698	—	942,910	23,871	(24,010)	12,114	(1,204,272)	3,834,192
Loss for the period	—	—	—	—	—	—	—	(92,225)	(92,225)
Other comprehensive income									
— Change in fair value of available-for-sale investments	—	—	—	—	—	45,353	—	—	45,353
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	4,301	—	4,301
Total comprehensive income for the period	—	—	—	—	—	45,353	4,301	(92,225)	(42,571)
Capital contribution through borrowings from parent	—	—	—	24,924	—	—	—	—	24,924
Issue of perpetual bond (Note 22)	—	—	1,599,860	—	—	—	—	—	1,599,860
Transfer arising from issue of perpetual bond (Note 22)	—	—	659,644	(659,644)	—	—	—	—	—
Balance at 30 June 2017	184,881	3,898,698*	2,259,504*	308,190*	23,871*	21,343*	16,415*	(1,296,497)*	5,416,405

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

(Unaudited)	Share capital (Note 19)	Convertible preference shares reserve (Note 21)	Perpetual bond (Note 22)	Capital contribution reserve	Capital reduction reserve	Share option reserve	Available-for-sale financial assets reserve	Other reserve	Translation reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 31 December 2017 as originally presented	184,881	2,487,169	2,259,504	308,190	—	23,348	73,971	—	17,846	120,762	5,475,671	—	5,475,671
Change in accounting policy (Note 4)	—	—	—	—	—	—	(73,971)	—	—	114,277	40,306	—	40,306
Total equity at 1 January 2018	184,881	2,487,169	2,259,504	308,190	—	23,348	—	—	17,846	235,039	5,515,977	—	5,515,977
Profit for the period	—	—	—	—	—	—	—	—	—	15,874	15,874	8,476	24,350
Other comprehensive income													
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	—	—	3,713	—	3,713	—	3,713
Total comprehensive income for the period	—	—	—	—	—	—	—	—	3,713	15,874	19,587	8,476	28,063
Acquisition of subsidiary (Note 20)	—	—	—	—	—	—	—	—	—	—	—	278,567	278,567
Distribution paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(10,125)	(10,125)
Exercise of share option	572	—	—	—	—	(188)	—	—	—	—	384	—	384
Vested share option forfeited	—	—	—	—	—	(824)	—	—	—	824	—	—	—
Capital reduction (Note 21)	—	(129,957)	—	—	129,957	—	—	—	—	—	—	—	—
Transfer arising from capital reduction (Note 21)	—	—	—	—	(129,957)	—	—	—	—	129,957	—	—	—
Equity extinguish to liability (Note 21)	—	(610,399)	—	—	—	—	—	533,098	—	—	(77,301)	—	(77,301)
Balance at 30 June 2018	**185,453**	**1,746,813***	**2,259,504***	**308,190***	**—***	**22,336***	**—***	**533,098***	**21,559***	**381,694***	**5,458,647**	**276,918**	**5,735,565**

* 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 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit/(loss) before income tax	**31,077**	(81,343)
Adjustments for:		
Depreciation	**937**	281
Loss arising from changes in fair value of financial instruments held for trading	**24,232**	24,900
Gain arising from changes in fair value of financial assets at fair value through profit or loss	**(3,980)**	—
Gain arising from changes in fair value of convertible preference shares	**(1,679)**	—
Share of results of joint ventures	**28,143**	(9,140)
Gain arising from changes in fair value of investment properties	**(22,725)**	(14,856)
Gain on the bargaining purchase	**(9,516)**	—
Finance costs	**14,251**	81,832
Interest income from bank deposits	**(4,373)**	(1,428)
Other interest income	**(12,684)**	(19,224)
Written off of property, plant & equipment	**—**	20
Provision for impairment loss on financial assets	**620**	1,703
Loss on disposal of investment properties	**1,168**	—
Operating profit/(loss) before working capital changes	**45,471**	(17,255)
Decrease/(increase) in deposits and prepayments	**3,093**	(10,619)
Decrease in restricted bank deposits	**9,661**	—
Increase in properties under development	**(14,066)**	—
Increase in amount due from a fellow subsidiary	**—**	(712)
Increase in financial instrument held for trading	**(45,453)**	(31,137)
(Decrease)/increase in other payables and accrued charges	**(1,999)**	11,604
Cash used in operations	**(3,293)**	(48,119)
Income tax paid	**(20,288)**	(7,081)
Net cash used in operating activities	**(23,581)**	(55,200)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(862)**	(41)
Consideration received for disposal of investment properties	**9,108**	—
Consideration paid for acquiring investment properties	**(16,285)**	—
Acquisition of subsidiary, net of cash acquired	**(47,096)**	—
Consideration paid for acquiring properties under development	**—**	(376,659)
Distribution to limited partners	**(10,125)**	—
Redemption of an available-for-sale investment	**—**	89,977
Capital return from an available-for-sale investment	**785**	779
Distribution from joint ventures	**5,378**	29,023
Loan repayment from a member of a joint venture	**—**	2,047
Loan repayment from a trustee	**—**	22,577
Interest received	**17,057**	12,883
Net cash used in investing activities	**(42,040)**	(219,414)
Cash flows from financing activities		
Increased in amount due to an intermediate holding company	**176,313**	—
Repayment of obligation under finance lease	**(60)**	(36)
Interest paid	**(13,190)**	(17,604)
Exercise of share option	**384**	—
Net cash generated from/(used in) financing activities	**163,447**	(17,640)
Net increase/(decrease) in cash and cash equivalents	**97,826**	(292,254)
Cash and cash equivalents at beginning of the period	**1,514,828**	1,121,440
Effect of foreign exchange rate changes	**50**	1,696
Cash and cash equivalents at end of the period	**1,612,704**	830,882
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits	**810,124**	204,414
Bank balances and cash	**802,580**	626,468
	1,612,704	830,882

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 2018 (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 2017 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2018 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 2017 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

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed consolidated interim financial statements were authorised for issue on 27 July 2018.

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".

2. BASIS OF PREPARATION *(Continued)*

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the estimation on expected credit losses as set out in Note 4 to the Interim Financial Statements.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2017 consolidated financial statements.

These condensed consolidated interim financial statements are unaudited, but has 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. BDO Limited's independent review report to the Board of Directors is included on pages 12 to 13.

3. PRINCIPAL ACCOUNTING POLICIES

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

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. Save as disclosed in the changes in accounting policies in Note 4, the application of other new and revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not applied any new HKFRSs or amendments that is not yet effective for the current accounting period.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

This note explains the impact of the adoption of HKFRS 9 Financial Instruments on the Interim Financial Statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

As explained in Note 4(b) below, HKFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the opening balance on 1 January 2018.

The following tables show the adjustments of the Group recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments of the Group are explained in more detail below.

	At 31 December 2017	HKFRS 9	At 1 January 2018
	HK$'000	HK$'000	HK$'000
Available-for-sale investments	2,226,977	(2,226,977)	—
Financial assets at fair value through profit or loss	—	2,269,045	2,269,045
Loan receivables	415,271	(1,750)	413,521
Total non-current assets	4,332,137	40,318	4,372,455
Deposits, prepayments and other receivables	11,960	(12)	11,948
Total current assets	2,257,128	(12)	2,257,116
Reserves	5,290,790	40,306	5,331,096
Total equity	5,475,671	40,306	5,515,977

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(b) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 4(c) below. In accordance with the transitional provisions in HKFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition are recognised in the opening retained profits of the current year.

Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

		Financial assets at fair value through profit or loss	**Available-for-sale investments**
	Notes	HK$'000	HK$'000
Closing balance as at 31 December 2017		—	2,226,977
Reclassification from available-for-sale investments to financial assets at fair value through profit or loss	(i)	2,226,977	(2,226,977)
Re-measurement of financial assets	(ii)	42,068	—
Opening balance as at 1 January 2018		2,269,045	—

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(b) HKFRS 9 Financial Instruments – Impact of adoption *(Continued)*

Classification and measurement (Continued)

The impact of these changes on the Group's equity is as follows:

	Notes	Effect on available-for-sale financial assets reserve HK$'000	Effect on retained profits HK$'000
Closing balance as at 31 December 2017		73,971	120,762
Reclassification from available-for-sale investments to financial assets at fair value through profit or loss	(i)	(73,971)	73,971
Re-measurement of financial assets	(ii)	—	42,068
Increase in expected credit losses	(c)(ii)	—	(1,762)
		(73,971)	114,277
Opening balance as at 1 January 2018		—	235,039

Notes:

(i) *Reclassification from available-for-sale investments to financial assets at fair value through profit or loss*

The financial assets of HK$2,226,977,000 that were previously classified as available-for-sale investments under HKAS 39 have been reclassified as financial assets at fair value through profit or loss under HKFRS 9. Gain arising from changes in fair value of financial assets at fair value through profit or loss amounted to HK$3,980,000 for the six months ended 30 June 2018 was recognised through profit or loss instead of other comprehensive income as previously accounted for (six months ended 30 June 2017: gain of HK$45,353,000 was recognised through other comprehensive income).

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(b) HKFRS 9 Financial Instruments – Impact of adoption *(Continued)*

Classification and measurement (Continued)

(ii) Re-measurement of financial assets

Certain available-for-sale investments were stated at cost less impairment in prior years and their carrying amounts were HK$1,753,006,000 as at 31 December 2017. Those investments have been re-measured and stated at fair value amounted to HK$1,795,074,000, also were reclassified as financial assets at fair value through profit or loss as at 1 January 2018.

The fair value gains on re-measurement of financial assets at fair value through profit or loss amounted to HK$42,068,000 were credited to retained profits of the Group on 1 January 2018.

The remaining financial assets of HK$473,971,000 previously classified as available-for-sale investments at fair value have been reclassified as financial assets at fair value through profit or loss on 1 January 2018. No gain or loss was recognised in profit or loss.

(c) HKFRS 9 Financial Instrument — Accounting policy applied from 1 January 2018

(i) Classification and measurement of financial instrument

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(c) HKFRS 9 Financial Instrument — Accounting policy applied from 1 January 2018 *(Continued)*

(i) Classification and measurement of financial instrument (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(c) HKFRS 9 Financial Instrument — Accounting policy applied from 1 January 2018 *(Continued)*

(i) Classification and measurement of financial instrument (Continued)

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 January 2018 under HKAS 39	Carrying amount as at 1 January 2018 under HKFRS 9
			HK$000	HK$000
Listed equity securities	Held-for-trading	FVTPL	267,786	267,786
Unlisted equity investments	Available-for-sale investments (at cost less impairment)	FVTPL	7,416	7,525
Club debentures	Available-for-sale investments (at cost less impairment)	FVTPL	6,453	6,215
Unlisted fund investments	Available-for-sale investments (at cost less impairment)	FVTPL	1,739,137	1,781,334
Unlisted fund investments	Available-for-sale investments (at fair value)	FVTPL	473,971	473,971

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECL for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the end of the reporting period; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(c) HKFRS 9 Financial Instrument — Accounting policy applied from 1 January 2018 *(Continued)*

(ii) Impairment of financial assets (Continued)

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for rental receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For loan receivables, the ECLs are determined based on the 12 months ECLs. The 12 months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the end of the reporting period. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's loan receivables at amortised cost are considered to have low credit risk since there was no recent history of default of the debtor and it has good settlement record with the Group.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(c) HKFRS 9 Financial Instrument — Accounting policy applied from 1 January 2018 *(Continued)*

(ii) Impairment of financial assets (Continued)

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

(a) Impairment of rental receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for rental receivables. To measure the ECLs, rental receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowances as at 1 January 2018 was determined for rental receivables as follows:

1 January 2018	**Current**	**Total**
Expected credit loss rate (%)	0.5%	
Gross carrying amount of rental receivables (HK$'000)	2,300	2,300
Loss allowances (HK$'000)	12	12

The increase in loss allowances for rental receivables upon the transition to HKFRS 9 as of 1 January 2018 were HK$12,000. The loss allowances further increased by HK$73,000 for rental receivables during the six months period ended 30 June 2018.

(b) Impairment of loan receivables

All of the loan receivables of the Group at amortised costs are considered to have low credit risk, and the loss allowances recognised during the period was therefore limited to 12 months ECLs.

The increase in loss allowances for loan receivables upon the transition to HKFRS 9 as of 1 January 2018 were HK$1,750,000. The loss allowances further increased by HK$547,000 for loan receviables during the six months period ended 30 June 2018.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(c) HKFRS 9 Financial Instrument — Accounting policy applied from 1 January 2018 *(Continued)*

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

(d) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in HKFRS 15, the Group has adopted the new rules retrospectively. The Group assessed the impacts of adopting HKFRS 15 on its financial statements. Based on the assessment, the adoption of HKFRS 15 has no significant impact on the Group's revenue recognition as the Group's dividend income, interest income and rental income are not within the scope of HKFRS 15. Details of the new accounting policies and the nature of the changes to previous accounting policies in relation to the Group's provision for management services provided by a joint venture of the Group are set out below:

Revenue for the provision of management and administration services is recognised over time as those services are provided. Invoices for these services income are issued on a monthly basis and are usually payable within 30 days. HKFRS 15 did not result in significant impact on the Group's accounting policies. Upon the adoption of HKFRS 15, if there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group should recognised a contract asset. No contract asset is recognised by the Group upon transition and at the end of the reporting period.

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

The sales proceeds of the financial instruments held for trading by the Group disposed of during the interim periods of 2018 and 2017 amounted to approximately HK$407,876,000 and HK$166,888,000 respectively.

The changes in fair value of financial instruments held for trading by the Group throughout the interim periods of 2018 and 2017, 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.

6. 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 investment and development — rental income from leasing of office properties and residential condominium as well as property development in the United States (the "US") and property development for sale of quality residential properties in Hong Kong through investment in fund.

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 income 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.

6. 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 2018

	Investment in fund platform	Property investment and development	Fund investments	Securities and other investments	Elimination	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (external)	25,367	18,197	37,690	418,836	–	500,090
Less: Sales proceeds from disposal of financial instruments held for trading	–	–	–	(407,876)	–	(407,876)
Inter-segment sales	–	–	–	2,280	(2,280)	–
Revenue as presented in the condensed consolidated income statement	25,367	18,197	37,690	13,240	(2,280)	92,214
Segment results	5,355	32,139	41,178	(11,556)		67,116
Interest income from bank deposits						4,373
Finance costs						(14,251)
Unallocated corporate expenses						(26,161)
Profit before income tax						31,077

6. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2017

	Investment in fund platform HK$'000 (Unaudited)	Property investment and development HK$'000 (Unaudited)	Fund investments HK$'000 (Unaudited)	Securities and other investments HK$'000 (Unaudited)	Elimination HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Segment revenue (external)	—	18,303	—	184,228	—	202,531
Less: Sales proceeds from disposal of financial instruments held for trading	—	—	—	(166,888)	—	(166,888)
Inter-segment sales	—	—	—	2,256	(2,256)	—
Revenue as presented in the condensed consolidated income statement	—	18,303	—	19,596	(2,256)	35,643
Segment results	16,248	22,983	(131)	(17,841)		21,259
Interest income from bank deposits						1,428
Finance costs						(81,832)
Unallocated corporate expenses						(22,198)
Loss before income tax						(81,343)

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.

6. SEGMENT INFORMATION *(Continued)*

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

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Assets		
Segment assets		
— Investment in fund platform	**2,227,628**	1,497,847
— Property investment and development	**1,214,892**	1,640,679
— Fund investments	**2,265,997**	2,221,694
— Securities and other investments	**831,060**	599,827
Unallocated assets	**1,028,546**	629,218
Consolidated total assets	**7,568,123**	6,589,265
Liabilities		
Segment liabilities		
— Investment in fund platform	**484,070**	25,965
— Property investment and development	**12,581**	11,897
— Fund investments	**125**	48
— Securities and other investments	**40**	122
Unallocated liabilities	**1,335,742**	1,075,562
Consolidated total liabilities	**1,832,558**	1,113,594

Segment assets include all assets are 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 included all liabilities are allocated to operating segments other than taxation payable, borrowings, convertible preference shares, amount due to an intermediate holding company and unallocated other payables.

The information disclosed above represented the segments to be identified on the basis of annual 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.

7. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Bank interest income	**4,373**	1,428
Other interest income	**12,684**	19,224
Gain arising from change in fair value of convertible preference shares	**1,679**	—
Others	**1,121**	1,707
	19,857	22,359

8. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**13,018**	23,521
Imputed interest expense on other borrowings	**—**	57,140
Others	**1,233**	1,171
	14,251	81,832

9. INCOME TAX

The taxation attributable to the Group's operation comprises:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax		
— Over provision in prior period	**(24)**	(14)
PRC Enterprise Income Tax		
— Provision for the period	**—**	11
Overseas taxation		
— Provision for the period	**3,160**	7,317
Deferred taxation	**3,591**	3,568
	6,727	10,882

9. INCOME TAX *(Continued)*

No Hong Kong profits tax was provided for six months ended 30 June 2018 as the Group has no estimated assessable profit (six months ended 30 June 2017: Nil).

All of the Group's PRC subsidiaries are subject to PRC Enterprise Income Tax rate at 25% (six months ended 30 June 2017: 10% to 25%). No PRC Enterprise Income Tax was provided for the six months ended 30 June 2018 as there was no assessable income for the period.

Tax on profits of overseas subsidiaries is provided for in accordance with relevant local laws at the applicable rates.

10. EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings/(losses) per share

The calculation of the basic earnings/(losses) per share attributable to owners of the Company is based on the profit/(loss) for the period attributable to owners of the Company of HK$15,874,000 (six months ended 30 June 2017: loss of HK$92,225,000) and on the weighted average number of 451,082,000 ordinary shares (six months ended 30 June 2017: 450,990,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The calculation of the diluted earnings per share amounts is based on the profit attributable to owners of the Company, adjusted to reflect the gain arising from change in fair value of convertible preference shares, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

10. EARNINGS/(LOSSES) PER SHARE *(Continued)*

(b) Diluted earnings per share *(Continued)*

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June 2018 HK$'000 (Unaudited)
Earnings	
Profit attributable to owners of the Company, used in the basic earnings per share calculation	**15,874**
Less: Gain arising from change in fair value of convertible preference shares	**(1,679)**
Profit attributable to owners of the Company, adjusted	**14,195**

	Number of shares 2018
Shares	
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**451,082,000**
Effect of dilution – weighted average number of ordinary shares:	
Share options	**2,609,000**
Convertible preference shares	**183,134,000**
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**636,825,000**

No adjustment has been made to basic losses per share amount presented for the six months ended 30 June 2017 in respect of a dilution as the impact of share options and convertible preference shares outstanding had an anti-dilutive on the basic losses per share amount presented.

11. INTERIM DIVIDEND

The directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2017: Nil).

12. INVESTMENT PROPERTIES

	30 June 2018	31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Properties in Hong Kong	**334,760**	358,900
Properties in the US	**1,070,773**	362,312
	1,405,533	721,212

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

The fair values of the Group's investment properties, including office, premises, residential properties and office building, which located in Hong Kong and the US as at 30 June 2018 and 31 December 2017 have been arrived at on the basis of a valuation carried out on that dates by BMI Appraisals Limited ("BMI Appraisals"), an 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 period gave rise to a net gain arising from changes in fair value of HK$22,725,000 (six months ended 30 June 2017: HK$14,856,000) which has been recognised in profit or loss. 85% (31 December 2017: 84%) of the investment properties of the Group are rented out under operating leases as at 30 June 2018. As at 30 June 2018, investment properties in the US of HK$709,454,000 (31 December 2017: Nil) were pledged as collateral for borrowing of HK$426,143,000 as disclosed in Note 18(b).

12. INVESTMENT PROPERTIES *(Continued)*

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

	30 June 2018	31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	**721,212**	713,052
Additions	**723,537**	—
Disposal during the period	**(10,279)**	—
Transfer to owner-occupied property	**(55,318)**	—
Exchange realignment	**3,656**	2,874
Disposal of subsidiaries	**—**	(16,800)
Gains on revaluation of investment properties	**22,725**	22,086
At the end of the period/year	**1,405,533**	721,212

Note:

During the period, the Group transferred one of its commercial unit in Lippo Centre as owner-occupied office for part of headquarter of the Company.

13. INTERESTS IN JOINT VENTURES

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Share of net assets other than goodwill	**914,466**	931,431
Goodwill	**35,691**	35,550
At the end of the period/year	**950,157**	966,981

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
At the beginning of the period/year	**966,981**	985,149
Dividend distribution	**(5,378)**	(37,080)
Share of post-acquisition profit and other comprehensive income	**(28,143)**	12,102
Income tax paid	**16,798**	6,405
Exchange difference	**(101)**	405
At the end of the period/year	**950,157**	966,981

13. INTERESTS IN JOINT VENTURES *(Continued)*

As at 30 June 2018 and 31 December 2017, 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 2018	31 December 2017	
Gemini-Rosemont Realty LLC	Limited liability company	The US	The US	Class A membership interests*	**45%**	45%	Property investment & management
Rosemont WTC Denver GPM LLC	Limited liability company	The US	The US	Membership interests#	**100%**	100%	Property investment & management
Rosemont Diversified Portfolio II LP	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) 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.

(b) On 31 December 2014, the Group entered into the purchase, sale and contribution agreement (the "Agreement") with Neutron Property Fund Limited (the "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 ("Gemini-Rosemont"), a limited liability company incorporated in the State of Delaware. Gemini-Rosemont acquired the businesses, assets and liabilities of Rosemont (excluding certain equity interests owned directly by Rosemont which are not transferred to Gemini-Rosemont) 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) represented directly attributable costs related to the transaction.

Apart from the subscription of the 45% membership interests in Gemini-Rosemont, 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 approximately 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").

13. INTERESTS IN JOINT VENTURES *(Continued)*

Notes: *(Continued)*

(c) In addition, the Group provided a working capital facility of US$10,000,000 to Gemini-Rosemont.

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

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

Gemini-Rosemont 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. Gemini-Rosemont is primarily engaged in the ownership and the management of commercial office properties after the acquisition.

The Group and the Property Fund hold 45% and 30% of class A membership interests of Gemini-Rosemont respectively. Both have collective control over Gemini-Rosemont and decisions on the relevant activities of Gemini-Rosemont require the unanimous consent of the class A members. Therefore, Gemini-Rosemont is a joint arrangement. As Gemini-Rosemont is a limited liability company, the joint arrangement is classified as a joint venture accordingly.

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 together with additional contribution of US$9,500,000. On the same date, the Group also 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). The Transactions were completed on 22 August 2015 and the Group has no outstanding commitment as at 30 June 2018 and 31 December 2017.

On 31 March 2017, the Property Fund further acquired 18.423% of class B membership interest of Gemini-Rosemont from Gemini-Rosemont JV Member LLC. As a result, the Property Fund held 30% and 18.423% of class A and class B membership interests respectively in Gemini-Rosemont as at 31 December 2017 and 30 June 2018.

For the six months ended 30 June 2018, the Group shared the post-acquisition results of Gemini-Rosemont, Denver GPM LLC and Portfolio II LP amounted to loss of US$2,354,000, ,US$1,048,000 and US$191,000 respectively (equivalent to approximately loss of HK$18,434,000, HK$8,209,000 and HK$1,500,000 respectively) (six months ended 30 June 2017: loss of US$465,000, loss of US$357,000 and profit of US$1,992,000 respectively (equivalent to loss of approximately HK$3,621,000, loss of approximately HK$2,776,000 and profit of approximately HK$15,537,000 respectively).

For the six months ended 30 June 2018, the Group received dividend distribution from Portfolio II LP amounted to US$685,000 (equivalent to approximately HK$5,378,000) (six month ended 30 June 2017: US$1,375,000 (equivalent to approximately HK$10,700,000)). There was no dividend distribution from Gemini-Rosemont and Denver GPM LLC during the six months ended 30 June 2018 (six months ended 30 June 2017: US$2,250,000 and US$112,000 respectively (equivalent to approximately HK$17,455,000 and HK$868,000 respectively)).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018	31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Unlisted equity investments (Note (a))	5,668	—
Club debentures (Note (b))	6,237	—
Unlisted fund investments (Note (c))	2,260,101	—
	2,272,006	—

These investments were reclassified from available-for-sale investments of HK$2,226,977,000 at 1 January 2018 after the adoption of HKFRS 9 as detailed in Note 4. The fair value of these investments as at 1 January 2018 and 30 June 2018 were estimated by BMI Appraisals, details of the fair value measurement are set out in Note 26 to the Interim Financial Statements.

Notes:

(a)(i) As at 30 June 2018, the fair value of the Group's investment in unlisted equity securities issued by a private equity incorporated outside Hong Kong was approximately to US$722,000 (equivalent to approximately HK$5,665,000) (31 December 2017: the investment was classified as available-for-sale investments at cost less impairment of approximately US$962,000 (equivalent to approximately HK$7,413,000)).

(a)(ii) As at 30 June 2018, the Group held 199 ordinary 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$") 398 (equivalent to approximately HK$3,000) (31 December 2017: 199 ordinary units, and 199 trustee's ordinary shares in the capital of the Trustee were classified as available-for-sale investments at cost less impairment of A$398 (equivalent to approximately HK$3,000)). The Trust has completed the development of a residential complex on the parcel of land in Melbourne, Australia.

As at 30 June 2018, the fair value measurement of the financial assets at fair value through profit or loss mentioned above categorised within level 3 of the fair value hierarchy.

(b) At the end of the reporting period, the fair value of the club debentures held by the Group was approximately of HK$6,237,000 (31 December 2017: the club debentures were classified as available-for-sale investments at cost less impairment amounting to approximately HK$6,453,000).

As at 30 June 2018, the fair value measurement of the financial assets at fair value through profit or loss as mentioned above was categorised within level 3 of the fair value hierarchy.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes: *(Continued)*

(c)(i) At the end of the reporting period, the Group held approximately 341,000 (31 December 2017: 341,000) 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 2018 was approximately HK$130,134,000 (31 December 2017: the Participating Shares were classified as available-for-sale investments at fair value of HK$126,212,000).

(c)(ii) At the end of the reporting period, the Group held approximately 141,000 (31 December 2017: 141,000) 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 2018 was approximately HK$183,235,000 (31 December 2017: the participating redeemable preference share in Sub-Fund A were classified as available-for-sale investments at fair value of approximately HK$200,943,000).

(c)(iii) At the end of the reporting period, the Group also held approximately 110,000 (31 December 2017: 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 2018 was approximately HK$147,871,000 (31 December 2017: the participating redeemable preference shares in Sub-Fund B were classified as available-for-sale investments at fair value of approximately HK$146,816,000).

As at 30 June 2018, the fair value measurement of the financial assets at fair value through profit or loss as mentioned above was categorised within level 2 of the fair value hierarchy.

(c)(iv) At the end of the reporting period, the Group held approximately 1,012,000 (31 December 2017: 1,012,000) non-redeemable, non-voting participating shares of the Property Fund, which incorporated in Cayman Islands and approximately 637,000 (31 December 2017: 637,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the "Private Equity Fund"). The fair value of the investments in the Property Fund and the Private Equity Fund as at 30 June 2018 are approximately HK$765,647,000 (31 December 2017: the non-redeemable, non-voting participating share in Property Fund were classified as a available-for-sale investments at cost less impairment amounting to approximately HK$775,818,000) and approximately HK$536,176,000 (31 December 2017: the non-redeemable, non-voting participating share in Private Equity Fund were classified as available-for-sale investments at cost less impairment of approximately HK$500,506,000) respectively.

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 Hong Kong, the US and potentially to a lesser extent in Singapore and countries that are members of the Organisation for Economic Cooperation and Development.

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.

As at 30 June 2018, the fair value measurement of the financial assets at fair value through profit or loss as mentioned above was categorised within level 3 of the fair value hierarchy.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes: *(Continued)*

(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 approximately 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 approximately US$800,000,000 (equivalent to approximately HK$6,200,000,000). As at 30 June 2018, the fair value of the investments in PRB Fund is approximately HK$497,038,000 (31 December 2017: the investment in PRB Fund was classified as available-for-sale investment at cost less impairment of approximately 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.

At 30 June 2018, the Group has no outstanding commitments to make capital contribution (31 December 2017: outstanding commitments of US$285,000 (equivalent to approximately HK$2,225,000)).

As at 30 June 2018, the fair value measurement of the financial assets at fair value through profit or loss as mentioned above was categorised within level 3 of the fair value hierarchy.

15. LOAN RECEIVALBES

	30 June 2018	31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Current:		
Loans to a joint venture (Note (a))	**20,624**	20,543
Non-current:		
Loans to a joint venture (Note (b))	**416,922**	415,271
Less: impairment losses	**(2,297)**	—
	414,625	415,271
	435,249	435,814

Notes:

(a) As at 30 June 2018, loan receivables of US$2,628,000 (equivalent to approximately HK$20,624,000) (31 December 2017: US$2,628,000 (equivalent to approximately HK$20,543,000)) in aggregate are due from the joint venture. The loan receivables are unsecured, interest-bearing at 5% per annum and repayable on demand, therefore are classified under current assets at the end of the reporting period.

15. LOAN RECEIVALBES *(Continued)*

Notes: *(Continued)*

(b) In addition, loan principal of US$53,125,000 (equivalent to approximately HK$416,922,000) (31 December 2017: US$53,125,000 (equivalent to approximately HK$415,271,000)) in aggregate are due from the joint venture as at 30 June 2018. The loan receivables are unsecured, interest-bearing at rates ranging from 5% to 6% per annum and repayable within 2020 and 2021 (31 December 2017: repayable within 2020 and 2021), accordingly are classified as non-current assets at the end of the reporting period.

As at 1 January 2018, an impairment loss on the loan receivables of HK$1,750,000 was provided upon transition to HKFRS 9 Financial Instrument and further increased by HK$547,000 during six months period ended 30 June 2018 as detailed in Note 4.

16. RESTRICTED BANK DEPOSITS

As at 30 June 2018, restricted bank deposits represented escrow and reserves amounted to HK$33,057,000 and pledged bank deposits amounted to HK$27,200,000. Escrow and reserves and certain pledged bank deposits amounted to HK$33,057,000 and HK$15,885,000 respectively were classified as current assets as at 30 June 2018. The remaining balance of pledged bank deposits at HK$11,315,000 were classified as non-current assets as at 30 June 2018.

Escrow and reserves represented mandatory deposits to cover certain obligations as set forth in the mortgage loan agreement. These cash balances will be used primarily to pay insurance and real estate taxes over the next period and capital repairs as needed. Pledged bank deposits have been used to secure the borrowing as disclosed in Note 18 (b).

17. AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

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

18. BORROWINGS

The maturity profile of the borrowings is as follows:

	30 June 2018	31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Current:		
Obligation under finance lease	**87**	66
Bank loans		
— unsecured and repayable within 1 year (Note (a))	**98,000**	48,000
	98,087	48,066
Non-current:		
Obligation under finance lease	**250**	215
Bank loans		
— unsecured and repayable after 1 year but within 2 years (Note (a))	**399,667**	448,667
— secured and repayable after 5 years (Note (b))	**426,143**	—
	826,060	448,882
	924,147	496,948

Notes:

(a) As at 30 June 2018, a bank borrowing amounted to HK$497,667,000 of which HK$98,000,000 is repayable within one year and the remaining balance amounted to HK$399,667,000 under non-current liabilities is wholly repayable after 1 years but within 2 years (31 December 2017: HK$496,667,000 of which HK$48,000,000 is repayable within one year and the remaining balance amounted to HK$448,667,000 under non-current liabilities is repayable after 1 year but within 2 years). This bank borrowing is unsecured and bearing interest at floating rate. The average interest rate as at 30 June 2018 is 2.59% (31 December 2017: 2.08%) per annum.

(b) As at 30 June 2018, the bank borrowing amounted to US$54.3 million (equivalent to approximately HK$426,143,000) will be wholly repayable on 1 January 2028 and interest bearing at fixed rate of 3.72% per annum. The borrowing is a mortgage loan for the investment property in the US. A corporate guarantee was provided by Gemini-Rosemont for the bank borrowing as at 30 June 2018. The borrowing is secured by the Group's investment properties at fair value of HK$709,454,000 (Note 12) and restricted bank deposits amounted to HK$27,200,000 (Note 16).

19. SHARE CAPITAL

	30 June 2018	30 June 2018	31 December 2017	31 December 2017
	Number	**HK$'000**	Number	HK$'000
		(Unaudited)		(Audited)
Ordinary shares				
At beginning of the year	**450,990,000**	**184,881**	450,990,000	184,881
Share options exercised	**400,000**	**572**	—	—
	451,390,000	**185,453**	450,990,000	184,881

During the period ended 30 June 2018, the Company allotted and issued 400,000 ordinary shares at exercise price of HK$0.96 each under the share option scheme.

20. BUSINESS ACQUISITION DURING THE PERIOD

On 26 February 2018, the Group acquired 100% equity interest in general partner in 600 Clipper GP Partner A LLC and 19.5% limited partnership interest in 600 Clipper Investment Partnership LP, which are engaged in investment in fund platform.

The principal business activity of the Group is principally engaged in investment in fund platform, property investment and development, fund investments and securities and other investments businesses. The directors are of the view that the acquisition serves to develop the Group's fund platform investment which is in line with the Group's core business strategy. Along with this business strategy, the Group will enrich and extend its strategic business connection with the stakeholders such as tenants, investors, financiers and sellers.

20. BUSINESS ACQUISITION DURING THE PERIOD *(Continued)*

The fair value of identifiable assets and liabilities of the 600 Clipper GP Partner A LLC and 600 Clipper Investment Partnership LP as at the date of acquisition were:

		Equivalent to Approximately
	US$'000	HK$'000
Investment property	90,400	707,252
Pledged bank deposits	4,750	37,162
Prepayments and other receivables	1,041	8,144
Amounts due from related companies	1,692	13,237
Escrow and reserves	4,187	32,757
Cash and bank balances	1,365	10,679
Other payables and accruals	(4,928)	(38,554)
Borrowings	(54,300)	(424,820)
Total identifiable net assets at fair value	44,207	345,857
Non-controlling interests	(35,606)	(278,567)
Gain on the bargaining purchase recognised in profit or loss	(1,216)	(9,516)
Acquisition and assignment considerations	7,385	57,774

For the details of considerations, refer to the circular of the Company dated 29 March 2018.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. The Group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets.

The fair value of prepayments and other receivables and amounts due from related companies is approximate to their gross contractual amount. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

The gain on the bargaining purchase is attributable to the Group's bargaining power and ability in negotiating the agreed terms of the transaction with the vendor.

The acquisition-related costs of HK$4,969,000 have been expensed and are included in "Other expenses".

20. BUSINESS ACQUISITION DURING THE PERIOD *(Continued)*

The cash used in acquisition of subsidiary, net of cash acquired amounted to HK$47,095,000 is disclosed in the condensed consolidated statement of cash flows in the Interim Financial Statements.

The acquired business contributed revenues of HK$25,367,000 and net profit of HK$10,589,000 to the Group for the period from 26 February to 30 June 2018. If the acquisition had occurred on 1 January 2018, the consolidated pro-forma revenue and profit for the six months ended 30 June 2018 would have been HK$96,966,000 and HK$27,579,000 respectively.

21. 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 Management Limited ("Grand Beauty"), after 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 Non-payment 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 (i.e. settled by the exchange of fixed amount of equity), the CPSs are classified as equity instruments accordingly.

21. CONVERTIBLE PREFERENCE SHARES RESERVE *(Continued)*

On 26 January 2018, the Company entered into the second supplemental deed (the "Second Supplemental Deed") with Grand Beauty, pursuant to which the parties conditionally agreed to amend certain terms of the CPSs ("Amendments"), which include: (i) acceleration of the commencement of the conversion period of the CPSs such that it will commence from on the first business day immediately after the amendments effective date (instead of commencing from the end of a five-year period from the issue date of the CPSs as originally contemplated); (ii) increase of the conversion price from HK$3 to HK$6 (subject to adjustments); and (iii) adjustment of the dividends payable on the CPSs from a non-cumulative floating rate per annum to a fixed rate of 3% per annum, nevertheless the Discretionary Non-payment Restriction is remained effective after the Amendments. Furthermore, if the Company should issue, at any time on or before (and including) 30 June 2018, any new shares or convertible securities of the Company to any person other than a person who is a CPSs holder on the date of such new issuance (the "New Issuance"), the conversion price shall be reduced, concurrently with and effective from the completion of the New Issuance, to HK$3, provided that: (i) such conversion price shall only be HK$3 in respect of such number of CPSs (in such integral multiple) (the "Adjusted CPSs") which will enable the converting shareholder to increase its shareholding to no less than, but closest to, its equity shareholding (excluding its shareholding in any CPSs) in the Company (taking into account the New Issuance and any outstanding convertible and/or exchangeable securities of the Company (other than the CPSs) on an as converted and fully dilutive basis) immediately before completion of the New Issuance; and (ii) the number of Adjusted CPSs shall not exceed 203,466,429 ("Adjustment to the revised conversion price").

Details of the amendments to the terms of the CPSs were set out in the announcement dated 28 January 2018.

On 25 April 2018 (the "Effective Date"), the conditions precedent in the Second Supplemental Deed are fulfilled and the Amendments are effective on that date.

The Amendments were accounted for as extinguishment of the Adjusted CPSs as the conversion options of the Adjusted CPSs do not meet the fixed-for-fixed criteria, that is, it will not be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's ordinary shares by considering the adjustments to conversion price. Accordingly, the Adjusted CPSs should be accounted for as liability component and are measured at fair value at initial recognition. Subsequently, it is classified as a financial liability at fair value through profit or loss. The difference between the fair value of the Adjusted CPSs of HK$77,301,000 and its carrying amount of HK$610,399,000 at Effective Date was recognised as "Other reserve" included in "Reserves" and as presented in consolidated statement of changes in equity.

21. CONVERTIBLE PREFERENCE SHARES RESERVE *(Continued)*

The movements of CPSs are set out below:

	Liability portion	Convertible preference shares reserve	Other reserve
	HK$'000	HK$'000	HK$'000
Balance at 31 December 2017 (Audited)	—	2,487,169	—
Capital reduction		(129,957)	—
Equity extinguished to liability after the Amendments	77,301	(610,399)	533,098
Changes in fair value	(1,679)	—	—
At 30 June 2018 (Unaudited)	75,622	1,746,813	533,098

The fair values of the Adjusted CPSs, which amounted to approximately HK$77,301,000 and HK$75,622,000 at the Effective Date and the end of the reporting period, were determined based on the Binomial model. The valuation is carried out by BMI Appraisals, an independent valuer not connected with the Group. The major inputs into the models were as follows:

	At effective date	At 30 June 2018
Share price	HK$1.22	HK$1.18
Conversion price	HK$6.00*	HK$6.00*
Expected volatility	50.66%	50.57%
Risk free rate	2.27%	2.26%
Expected dividend yield	1.71%	1.7%

* Subject to the Adjustment to the revised conversion price

21. CONVERTIBLE PREFERENCE SHARES RESERVE *(Continued)*

Capital reduction

Pursuant to a special resolution passed by the shareholders of the Company at an extraordinary general meeting on 5 July 2017, the cancellation of 470,666,666 CPSs was effective following the registration in the public record of the relevant statutory return filed with the Hong Kong Companies Registry ("Capital Reduction") on 10 August 2017. The credit in the amount of approximately HK$1,411.5 million in the CPSs reserve account of the Company arising from this Capital Reduction was credited to the accumulated losses account of the Company.

Details of the Capital Reduction were set out in the announcements of the Company dated 1 June 2017 and 10 August 2017 and the circular of the Company dated 13 June 2017.

On 26 January 2018, Grand Beauty executed a second deed of cancellation in favour of the Company, pursuant to which Grand Beauty agreed to the implementation of the capital reduction involving the further cancellation of 43,333,334 CPSs held by Grand Beauty (representing approximately 5.23% of all the CPSs in issue as at 31 December 2017 ("Second Capital Reduction").

Following completion of the Second Capital Reduction, the credit in the amount of approximately HK$130.0 million in the CPSs reserve account of the Company arising from the Second Capital Reduction was transferred and credited to the capital reduction reserve account of the Company; and the credit in the amount of approximately HK$130.0 million in the capital reduction reserve account of the Company was applied to set off against the accumulated losses of the Company.

Details of the Second Capital Reduction was set out in the announcements of the Company dated 28 January 2018 and 3 May 2018 and circular of the Company dated 28 February 2018.

22. PERPETUAL BOND

On 31 May 2017, the Company issued unsecured perpetual bond in an aggregate principal amount of approximately HK$2,259.5 million to Grand Beauty.

According to the subscription agreement, the consideration payable by Grand Beauty to the Company for the subscription of the perpetual bond shall be satisfied by setting off against the entire outstanding principal amount of other borrowings provided by Grand Beauty in prior years and related interests accrued thereon as at the date of issue of the perpetual bond in an aggregate amount of approximately HK$2,259.5 million.

The perpetual bond confers a right to receive distribution at 0.01% per annum on the principal amount and has no fixed redemption date. The Company may elect to cancel or defer (in whole or in part) any distribution accrued on the perpetual bond at its sole and absolute discretion. The Company may elect to redeem (in whole but not in part) the perpetual bond at 100% of the outstanding principal amount, together with any distribution accrued thereon, on the date falling 10 years after the date of issue of the perpetual bond (the "First Call Date") or any distribution payment date after the First Call Date. The perpetual bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and ranks in priority over any shares or convertible preference shares of the Company in respect of any payment in the event of liquidation, dissolution or winding up (whether voluntary or involuntary) of the Company.

The carrying amounts of the other borrowings provided by Grand Beauty as stated above together with interest accrued thereon as at 31 May 2017 amounting to approximately HK$1,599.8 million in aggregate has been used to settle the above consideration payable; the capital contribution previously recognised through the other borrowings provided by Grand Beauty amounting to approximately HK$659.6 million was derecognised and transferred to the perpetual bond according to the subscription agreement. The perpetual bond is accounted for as an equity of the Company.

23. 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:

	30 June 2018	31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within one year	**4,838**	4,600
In the second to fifth year inclusive	**744**	2,976
	5,582	7,576

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 6. The properties held by the Group have committed tenants for the lease term ranging from 1 to 8 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:

	30 June 2018	31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within one year	**77,197**	29,511
In the second to fifth year inclusive	**255,790**	52,021
After five years	**154,980**	1,056
	487,967	82,588

24. CAPITAL COMMITMENTS

Capital expenditures contracted, but not provided for at the end of the reporting period in respect of:

	30 June 2018	31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Capital contribution to an unlisted investment	**—**	2,225
Properties under development	**5,264**	9,712
	5,264	11,937

25. RELATED PARTY TRANSACTIONS

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2018 was HK$1,249,000 (six months ended 30 June 2017: HK$1,763,000).

In addition to those related party transactions disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2018, 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.

		Six months ended 30 June	
		2018	2017
	Note	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Transaction with parent			
— Interest paid/payable		**—**	18,408
Transactions with fellow subsidiaries:			
— Rents paid		**35**	200
— Building management fee paid		**4**	20
		39	220
Transaction with a joint venture			
— Building management fee paid		**1,634**	191
— Other loan interest income	(a)	**(12,676)**	(12,738)
		(11,042)	(12,547)

25. RELATED PARTY TRANSACTIONS *(Continued)*

(a) As described in Note 15, loan receivables of US$55,735,000 in aggregate were granted by the Group to Gemini-Rosemont, a joint venture. The interest income derived from these loan receivables during the period was approximately HK$12,676,000 (six months ended 30 June 2017: HK$12,738,000).

(b) The Group has entered into a facility agreement with Grand Beauty with the facility amount of US$700 million (equivalent to approximately HK$5,463,731,000) on 31 August 2015. The facility has not been utilised by the Group as at 30 June 2018 and 31 December 2017.

(c) As described in Note 22, the Company issued unsecured perpetual bond in an aggregate principal amount of approximately HK$2,259.5 million to Grand Beauty. The perpetual bond was classified as equity of the Group as at 30 June 2018 and 31 December 2017.

(d) On 26 February 2018, the Group acquired 100% equity interest in general partner in 600 Clipper GP Partner A LLC and 19.5% limited partnership interest in 600 Clipper Investment Partnership LP from Gemini-Resemont at the consideration of approximately US$7,385,000 as detailed in Note 20 and the Company's announcement dated 26 February 2018 and circular dated 29 March 2018 respectively.

26. 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).

26. FAIR VALUE MEASUREMENT *(Continued)*

	As at 30 June 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
As at 30 June 2018 (Unaudited)	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets at fair value through profit or loss				
— Unlisted equity investments (Note (i))	**—**	**—**	**5,668**	**5,668**
— Club debentures (Note (i))	**—**	**—**	**6,237**	**6,237**
— Unlisted fund investments (Notes (i) and (ii))	**—**	**461,240**	**1,798,861**	**2,260,101**
Financial instruments held for trading	**289,006**	**—**	**—**	**289,006**
	289,006	**461,240**	**1,810,766**	**2,561,012**
Financial liabilities at fair value through profit or loss				
— Convertible preference shares	**—**	**—**	**75,622**	**75,622**

	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
As at 31 December 2017 (Audited)	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss				
— Unlisted fund investments (Note (ii))	—	473,971	—	473,971
Financial instruments held for trading	267,786	—	—	267,786
	267,786	473,971	—	741,757

26. FAIR VALUE MEASUREMENT *(Continued)*

During six months ended 30 June 2018 and 2017, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets and financial liabilities.

(i) The fair value of unlisted equity investments and club debentures, certain unlisted fund investments and convertible preference shares have been determined by BMI Appraisals, an independent qualified valuer which are Level 3 fair value measurement. The movement of convertible preferences shares are set out in Note 21 to the Interim Financial Statements, the movement of other financial instruments is as follows:

	30 June 2018	31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
At the beginning of period/year	**1,794,055**	—
Fair value change recognised in profit or loss	**16,710**	—
At the end of period/year	**1,810,765**	—

The valuation are based on the following significant unobservable inputs:

	Valuation technique	**Significant unobservable inputs**	**Range/value**	**Sensitivity of fair value to the input**
Club debentures	Market approach	Broker quotes	HK$5,400,000 — HK$7,030,000	Had the quote from brokers increased by 5%, the fair value would have increased by HK$624,000. Had the quote from brokers decreased by 5% the fair value would have decreased by HK$624,000
Unlisted equity and fund investments which principally invested in residential and commercial real estate	Market approach	Discount quality of properties (e.g. view, level, size and condition of the properties)	-12% — 10%	Had the discount decreased by 5%, the fair value would have increased by HK$98,884,000. Had the discount increased by 5%, the fair value would have decreased by HK$93,390,000

26. FAIR VALUE MEASUREMENT *(Continued)*

(i) *(Continued)*

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted equity and fund investments which invests in real estate project	Market approach	Discount quality of properties (e.g. location, view, size, condition and time of the properties)	0.2% — 24%	Had the discount decreased by 5%, the fair value would have increased by HK$38,000,000. Had the discount increased by 5%, the fair value would have decreased by HK$38,000,000
Convertible preference shares	Binomial method	Expected volatility	50.57%	Had the volatility increased by 5%, the Group's profit or loss would have increased by HK$626,000. Had the volatility decreased by 5%, the Group's profit or loss would have decreased by HK$920,000.

(ii) The fair value of unlisted fund investment has been determined with reference to the fair value of the underlying assets and liabilities of investment funds at the reporting date.

The carrying amounts of the financial assets and financial liabilities measured at amortised cost as disclosed under current assets and current liabilities, respectively, approximate their fair value as they are all short term in nature.

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

As at 30 June 2018, 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 2018 were as follows:

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 30 June 2018	Exercise price per Share HK$	Approximate percentage of interest in the issued Shares as at 30 June 2018
LI Ming	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	4,000,000 (L)	0.96	0.886%
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)	0.96	3.545%
				Total: 18,000,000 (L)		3.988%

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 30 June 2018	Exercise price per Share HK$	Approximate percentage of interest in the issued Shares as at 30 June 2018
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)		0.775%
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)		0.332%

Note:

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

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

As at 30 June 2018, 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 208
LI Ming	Beneficial owner	18,387,000 (L)	0.241%
	Founder of discretionary trust	127,951,178 (L) (Note 1)	1.680%
	Beneficiary of trust	13,125,180 (L) (Note 2)	0.172%
		Total: 159,463,358 (L)	2.094%
SUM Pui Ying	Beneficial owner	3,000,560 (L)	0.039%
LI Hongbo	Beneficial owner	6,864 (L)	less than 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 13,125,180 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 may 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 was adopted by shareholders' written resolution of Sino-Ocean dated 3 September 2007 (the "2007 Share Option Scheme"), under which share options may be granted to eligible directors and employees of the Sino-Ocean Group to subscribe for new shares in Sino-Ocean. The 2007 Share Option Scheme had expired in September 2017. This scheme was adopted for the purpose of providing an incentive for employees and directors 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. Although the 2007 Share Option Scheme has expired, the share option already granted under such scheme before its expiration remained valid.

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 2018 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 2018	Approximate percentage of interest in the issued share capital of Sino-Ocean as at 30 June 2018
LI Ming	Beneficial owner	25 March 2016	421,020 (L)	0.006%
		31 March 2017	1,368,000 (L)	0.018%
			Total: 1,789,020 (L)	0.023%
SUM Pui Ying	Beneficial owner	25 March 2016	147,940 (L)	0.002%
		31 March 2017	408,000 (L)	0.005%
			Total: 555,940 (L)	0.007%

Name of Directors	Capacity	Date of grant	Number of shares in Sino-Ocean awarded but not yet vested as at 30 June 2018	Approximate percentage of interest in the issued share capital of Sino-Ocean as at 30 June 2018
LI Hongbo	Beneficial owner	25 March 2016	36,700 (L)	less than 0.001%
		31 March 2017	108,000 (L)	0.001%
			Total: 144,700 (L)	0.002%

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

Regarding the 2007 Share Option Scheme, the following Directors had been granted share options under such scheme 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 under the 2007 Share Option Scheme as at 30 June 2018 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 2018	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 30 June 2018 relative to the issued share capital of Sino-Ocean as at 30 June 2018
LI Ming	Beneficial owner	27 August 2015	(Note 1)	540,000 (L)	4.04	0.007%
		13 April 2016	(Note 2)	6,000,000 (L)	3.80	0.079%
				Total: 6,540,000 (L)		0.086%
SUM Pui Ying	Beneficial owner	27 August 2015	(Note 1)	800,000 (L)	4.04	0.011%
		13 April 2016	(Note 2)	5,000,000 (L)	3.80	0.066%
				Total: 5,800,000 (L)		0.076%

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 2018	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 30 June 2018 relative to the issued share capital of Sino-Ocean as at 30 June 2018
LI Hongbo	Beneficial owner	27 August 2015	(Note 1)	210,000 (L)	4.04	0.003%
		13 April 2016	(Note 2)	1,200,000 (L)	3.80	0.016%
		24 August 2017	(Note 3)	2,000,000 (L)	4.70	0.026%
				Total: 3,410,000 (L)		0.045%

Notes:

1. Exercisable from 27 August 2016 to 26 August 2020.

2. Exercisable from 13 April 2017 to 12 April 2021.

3. Exercisable from 24 August 2018 to 23 August 2022.

4. 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.

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

As at 30 June 2018, 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.

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 2018 (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 1 January 2018	Granted during the Interim Period	Exercised during the Interim Period	Lapsed during the Interim Period	Cancelled during the Interim Period	Balance as at 30 June 2018	Exercise period
Directors									
LI Ming	9 August 2013	0.96	4,000,000 (L)	—	—	—	—	4,000,000 (L)	9 August 2013 – 22 June 2021
SUM Pui Ying	26 August 2011	1.40	2,000,000 (L)	—	—	—	—	2,000,000 (L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	16,000,000 (L)	—	—	—	—	16,000,000 (L)	9 August 2013 – 22 June 2021
CUI Yueming (resigned on 1 March 2018)	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
Employees of the Group	26 August 2011	1.40	400,000 (L)	—	—	100,000 (L)	—	300,000 (L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	5,820,000 (L)	—	400,000 (L)	1,000,000 (L)	—	4,420,000 (L)	9 August 2013 – 22 June 2021
	9 March 2015	1.27	2,500,000 (L)	—	—	500,000 (L)	—	2,000,000 (L)	9 March 2015 – 22 June 2021
Total			36,510,000 (L)	—	400,000 (L) (Note 1)	1,600,000 (L)	—	34,510,000 (L)	

Notes:

1. The weighted average closing price of the Shares immediately before the dates on which the above options were exercised is HK$1.19.

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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2018, 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 2018
Sino-Ocean	Interest of controlled corporation (Note 2)	705,504,625 (L)	156.30%
Shine Wind Development Limited	Interest of controlled corporation (Note 2)	705,504,625 (L)	156.30%
Faith Ocean International Limited	Interest of controlled corporation (Note 2)	705,504,625 (L)	156.30%
Sino-Ocean Land (Hong Kong) Limited ("SOL HK")	Interest of controlled corporation (Note 2)	705,504,625 (L)	156.30%
Grand Beauty Management Limited ("Grand Beauty")	Beneficial owner	312,504,625 (L)	69.23%
	Beneficial owner	393,000,000 (L) (Note 1)	87.06%
		Total: 705,504,625 (L)	156.30%

Notes:

1. These shares represent the 393,000,000 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 remaining 786,000,000 non-voting convertible preference shares issued by the Company on 23 December 2014.

2. Grand Beauty was wholly-owned by SOL HK. SOL HK was wholly-owned by Faith Ocean International Limited which was in turn wholly-owned by Shine Wind Development Limited. Shine Wind Development Limited was wholly-owned by Sino-Ocean. 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 705,504,625 Shares in which Grand Beauty was interested.

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

Save as disclosed herein, as at 30 June 2018, 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 chairman of the Board to attend the annual general meeting of the Company and non-executive Directors to attend general meetings of the Company.

Due to other pre-arranged business commitments which had to be attended, Mr. LI Ming (the honorary chairman of the Board and non-executive Director) and Mr. LI Hongbo (a non-executive Director) were unable to attend the extraordinary general meeting of the Company held on 28 March 2018 and the annual general meeting of the Company held on 20 April 2018.

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 2018 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 2018.

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.

CHANGES IN DIRECTORS' INFORMATION

There is no change in information on Directors since the date of the Annual Report 2017 of the Company which is 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 30 August 2016 (the "Facility Agreement") was entered into between the Company (as borrower), Sino-Ocean (a controlling shareholder of the Company, as guarantor) and a licensed bank in Hong Kong (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 the date of the Facility Agreement. 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

27 July 2018

Corporate Information

BOARD OF DIRECTORS

Honorary Chairman

LI Ming

Executive Directors

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

Non-executive Directors

LI Ming (Honorary Chairman)
LI Hongbo
TANG Runjiang

Independent Non-executive Directors

LAW Tze Lun
LO Woon Bor, Henry
CHEN Yingshun

AUDIT COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
CHEN Yingshun

REMUNERATION COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
CHEN Yingshun

NOMINATION COMMITTEE

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

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

Baker & Mckenzie
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