盛洋投资

Gemini Investments (Holdings) Limited
盛 洋 投 資（控 股）有 限 公 司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 174)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors of the Company (the "**Board**") is pleased to announce the audited consolidated results of Gemini Investments (Holdings) Limited (the "**Company**") and its subsidiaries (together referred to as "**our Group**" or "**we**") for the year ended 31 December 2017 (the "**Year**" or "**2017**"). The audited consolidated results of the Company have been reviewed by the Company's audit committee.

FINANCIAL RESULTS

During the Year, our Group recorded a loss attributable to its owners of approximately HK$87.0 million (2016: approximately HK$253.4 million). Among which, approximately HK$88.4 million was attributable to the finance costs, which included the non-cash imputed interest expenses of approximately HK$57.1 million relating to the loans borrowed from Grand Beauty Management Limited ("**Grand Beauty**"), a subsidiary of our controlling shareholder, Sino-Ocean Group Holding Limited ("**Sino-Ocean**", which, together with its subsidiaries, "**Sino-Ocean Group**").

The Board does not recommend the payment of any final dividend for the Year.

OPERATION FOCUS

One of our focus area was our strategical investment in the real estate asset management platform in the United States of America (the "**U.S.**") – Gemini-Rosemont Realty LLC ("**GR Realty**"), with asset under management of approximately US$1.7 billion, comprising 59 commercial properties (95 buildings) with approximately 12.3 million square feet in 20 states across the U.S. as at 31 December 2017.

2017 has been a challenging year, with improved economy accompanied by consistent headwinds in macro-economic factors. After the unsustainably high growth rate of 2014 and 2015, the U.S. real estate market continues to transition towards uneven development between cities and submarkets. GR Realty proactively refines its strategy with more focus in selected core cities and submarkets, so as to capture incoming opportunities. Market valuation of projects in most cities and submarkets increase while those in certain non-core cities decrease, and the Group shared a profit of approximately HK$12.1 million of GR Realty and its syndicated projects.

GR Realty took the Year to further review its investment and operation strategy according to the changing market and more careful consideration in project selection, with more trimmed focus in selected core cities and submarkets, while at the same time, generally realizing those projects in non-core areas. In October 2017, GR Realty acquired a premier class A office campus in the heart of the San Francisco Peninsula, California, U.S., with 100% committed occupancy rate, investment grade credit-backed tenant base as well as estimated unlevered preliminary return after real estate tax over a term of 10 years of around 7.4% and expected high cash-on-cash return on the office campus. Besides, a bank financing with 10-year fixed interest rate of around 3.75% per annum, has been closed by 31 December 2017, and 60% of the equity has been successfully syndicated within the first week of 2018.

Subsequent to the Year end, to further strengthen our Group's presence in the U.S., our Group has acquired the general partner interest and approximately 19.5% limited partner interest in a partnership that indirectly owns and manages the aforesaid office campus from GR Realty, at an aggregate consideration of approximately US$7.4 million.

Upon the completion of such acquisition, our Group will have the full, exclusive and complete right, power, and discretion to operate, manage, and control the business and affairs of the office campus. Such acquisition serves to develop the Group's fund platform investment which is in line with the Group's core business strategy. Moreover, in addition to recurring rental revenue, the Group will also be entitled to receive regular asset management fee at a fixed rate per annum, as well as back-end carried interest of the aforesaid partnership from the capital appreciation of the office campus. It could bring the Company and our shareholders long term benefits as a result of the enriched and extended strategic business connection with different stakeholders.

Property Development in Manhattan, U.S. is also one of the key focus. In April 2017, our Group completed the acquisition of two buildings located at 531-537, 539th Sixth Avenue of Manhattan, the heart of New York City (the "**Sixth Avenue Project**"). The development sits at the crossroads between Chelsea, West Village and Union Square, with well connection to other areas through various metro lines and trains nearby. The Group has submitted a redevelopment plan of gross floor area of approximately 80,000 square feet for the Sixth Avenue Project, aiming to redevelop the site as a mixed-use residential development. The Group will target to structure unique product types in this pilot development project with splendid amenities, targeting to satisfy a particular demand of executive professionals in Manhattan. Existing structure is vacant retail, and the demolition of the existing buildings is expected to start in the first half of 2018 and the Sixth Avenue Project is estimated to complete in the fourth quarter of 2020.

CAPITAL STRUCTURE MOVES

Aiming for more flexible dividend policy and enhancing the confidence of our shareholders, potential investors and business partners so as to benefit the Group's future business development, the Group has been actively seeking for ways to improve its financial position and optimise its capital structure.

Issue of the Perpetual Bond

During the second half of the Year, the Company has completed the issuance of an unsecured perpetual bond to Grand Beauty amounted to approximately HK$2,259.5 million, with the consideration having been satisfied by setting off against the entire outstanding principal amount of the shareholder's loan owed by the Company to Grand Beauty and related interest accrued.

Such issue of perpetual bond effectively reduced the gearing ratio, enlarged the capital base and enhanced the net asset position of the Group.

Capital Reduction

During the second half of the Year, the Company has cancelled around 470.7 million out of the 1.3 billion convertible preference shares (the "**CPS**") previously issued to Grand Beauty. Following the cancellation of such CPS, a credit of capital reduction reserve account of around HK$1,412.0 million arose and was applied to set off against the accumulated losses of the Company of around HK$1,228.2 million as at 31 December 2016. Further, subsequent to the Year end, in January 2018, our Company further announced the cancellation of around 43.3 million CPS held by Grand Beauty, the implementation of which is subject to fulfillment of certain conditions precedent. If such further CPS cancellation becomes effective, a further credit of capital reduction reserve account of the Company of around HK$130.0 million will arise, which can be applied to set off against any accumulated loss of the Company with the remaining credit reserve following such set-off becoming available for distribution to our shareholders in the future when appropriate. The details of such further CPS cancellation are set out in the Company's announcement dated 28 January 2018 and circular dated 28 February 2018.

The above mentioned capital reduction, so as to eliminate the accumulated losses of the Company, would enable the Company to have a greater flexibility in exploring and determining its dividend policy, improve its financial position and capital structure which will in turn improve the Company's general credit rating and hence enable the Company to negotiate for better financing terms in the future, and enhance the confidence of the potential investors and business partners in the prospects of our Group, paving the way for the Company to negotiate for better commercial terms for future projects. The further expansion and growth of the Group's business will in turn generate positive benefits and create value in the medium to long term for our shareholders.

FINANCIAL REVIEW

Revenue

During 2017, our Group recorded a total revenue of approximately HK$55.6 million (2016: approximately HK$83.1 million). Decrease in revenue was mainly attributable to the combined effect of: (i) the decrease in dividend income received (other than dividend attributable to financial instruments held for trading) by approximately HK$42.7 million to approximately HK$16.4 million in 2017 because the independent investment manager of our fund investments decided to retain the capital resources to invest in the rally securities market during the Year so as to capture maximum return to the fund investments; and (ii) the increase in rental revenue by approximately HK$14.9 million to approximately HK$36.6 million for the Year as a result of our acquisition of an investment property in the U.S. in the second half of 2016 which contributed to a full year of rental income recorded during 2017.

The following table sets forth our Group's revenue breakdown for 2017 and 2016:

	2017	2016
	HKD'000	*HKD'000*
Rental revenue	**36,556**	21,678
Dividend income	**19,009**	61,419
	55,565	83,097

Share of results of joint ventures

Gain arising from share of results of joint ventures of approximately HK$12.1 million (2016: a loss of approximately HK$86.2 million) was recorded during the Year, which was attributable to the share of profit in our U.S. real estate fund platform – GR Realty. The uneven development between cities and submarkets in the U.S. real estate market, with market valuation of certain properties in core cities and submarkets increase while those in non-core cities and submarkets decrease, has neutralized the performance of GR Realty during the Year. Significant loss recorded during 2016 was as a result of share of loss of a joint venture group, of which the entire interest held in such group was disposed of in 2016, so as no effect during the Year.

Finance Cost

Finance costs decreased significantly from approximately HK$248.4 million to approximately HK$88.4 million mainly because in May 2017, the Company issued a perpetual bond to replace the Shareholder's Loan as elaborated further in the paragraph headed "Issue of the Perpetual Bond" below. The issue of such perpetual bond has resulted in a substantial decrease in non-cash imputed interest expense relating to the Shareholder's Loan from approximately HK$186.1 million in 2016 to approximately HK$57.1 million for the Year.

Loss attributable to owners of the Company

Loss attributable to owners of the Company improved from loss of approximately HK$253.4 million in 2016 to loss of approximately HK$87.0 million for the Year. Consequently, our Group recorded basic losses per ordinary share of approximately 0.19 HK dollar in 2017 versus basic losses per ordinary share of approximately 0.56 HK dollar in 2016. Our management will continue to focus on the improvement of our shareholders' return as their on-going principal task, and explore and execute measures to improve the Company's financial position as elaborated further in the paragraph headed "Capital Reduction involving Cancellation of Convertible Preference Shares and Elimination of Accumulated Losses" below.

Issue of the Perpetual Bond

On 31 May 2017, the Company and Grand Beauty entered into a subscription agreement pursuant to which the Company agreed to issue and Grand Beauty agreed to subscribe for an unsecured perpetual bond in an aggregate principal amount of approximately HK$2,259.5 million (the "**Perpetual Bond**"), with the consideration payable by Grand Beauty having been satisfied by setting off against the entire outstanding principal amount of the shareholder's loan owed by the Company to Grand Beauty (the "**Shareholder's Loan**") and related interest accrued. The Perpetual Bond was issued on the same date as of 31 May 2017. As a result of this transaction, the principal amount of the Shareholder's Loan together with interest accrued thereon as at 31 May 2017 of approximately HK$2,259.5 million in total has been derecognised as the liability of the Company whilst the Perpetual Bond recognised as the equity of the Company. The Perpetual Bond confers a right to the holder to receive distribution at 0.01% per annum on the principal amount and has no fixed redemption date. The details of this transaction are set out in the Company's announcement dated 1 June 2017 and circular dated 13 June 2017.

Capital Reduction involving Cancellation of Convertible Preference Shares and Elimination of Accumulated Losses

On 31 May 2017, Grand Beauty executed a deed of cancellation in favour of the Company pursuant to which Grand Beauty agreed to the proposed implementation of a capital reduction of the Company (the "**Capital Reduction**") involving the cancellation of around 470.7 million convertible preference shares previously issued by the Company to Grand Beauty, representing approximately 36.2% of all the convertible preference shares then in issue by the Company. A credit of approximately HK$1,412.0 million has arose from the Capital Reduction and been transferred to a capital reduction reserve account of the Company, and such credit has been applied to set off against the accumulated losses of the Company of approximately HK$1,228.2 million standing in its accounts as at 31 December 2016, with the remaining credit balance of approximately HK$183.8 million following such set-off being available for set-off first against any subsequent losses of the Company arising after 31 December 2016, and any credit balance thereafter, if any, can then be distributed as dividend to the shareholders of the Company when Directors consider appropriate in the future. The details of this transaction are set out in the Company's announcement dated 1 June 2017 and circular dated 13 June 2017.

Financial Resources and Liquidity

As at 31 December 2017, the principal amount of our total borrowings significantly decreased to approximately HK$500.0 million (2016: approximately HK$2,745.5 million), which represented term loan borrowing from a bank with average interest rate 2.08% per annum and repayable as to 10% in 2018 and the remaining in 2019. Such significant decrease was a result of the issue of the Perpetual Bond to replace the Shareholder's Loan as elaborated above. Apart from the above, our Group did not have any other interest-bearing debt as at 31 December 2017.

The net gearing ratio of our Group is calculated based on total borrowings less cash resources divided by total shareholders' equity. As at 31 December 2017, total cash resources (including bank balances and cash and short-term bank deposits) of our Group amounted to approximately HK$1,514.8 million (2016: approximately HK$1,121.4 million) which is sufficient to pay off all borrowings of the Group with a principal amount of approximately HK$500.0 million as at 31 December 2017. Therefore, the Group did not have any gearing on a net debt basis as at 31 December 2017 as compared with a net gearing ratio of 24% as at 31 December 2016.

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

Financial Guarantees

As at 31 December 2017 and 31 December 2016, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 31 December 2017 and 31 December 2016, our Group did not have any pledged assets.

OPERATION REVIEW

During the Year, our Group adhered to the philosophy of value investment and actively optimising its asset allocation. An analysis of our Group's turnover and contribution to operating result for the Year by our principal activities is set out in Note 3 disclosed 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. As at 31 December 2017, GR Realty was principally engaged in the ownership and/or management of its investment portfolio comprising 59 commercial properties, representing 95 buildings, with approximately 12.3 million square feet in 20 states across the U.S. During the Year, our Group shared a profit of approximately HK$12.1 million. During the Year, GR Realty proactively refined its business focus with an aim to capture the coming investment opportunities, and recorded a decrease in market valuation of certain properties in non-core cities and submarkets whilst an increase for those in core cities and submarkets as a result of the uneven development between cities and submarkets in the U.S. real estate market. During the Year, our Group received dividend of approximately HK$37.1 million (2016: HK$24.8 million), representing an increase of approximately 49.6%, from GR Realty and certain syndicated projects controlled by GR Realty. As at 31 December 2017, our interest in GR Realty, together with interest in certain syndicated projects controlled by GR Realty, amounted to approximately HK$967.0 million.

Our Group is able to leverage on GR Realty's solid experience and good relationship of its senior management team 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.

Property Investments and development

The recognised rental income of our Group during the Year increased by 68.7% to approximately HK$36.6 million, which was mainly attributable to our acquisition of an office building in the U.S. in the second half of 2016, with full year rental income recorded during the Year. Revaluation gain of the Group's investment properties of approximately HK$22.1 million was recorded (2016: approximately HK$28.4 million). As at 31 December 2017, our Group held investment properties comprising A-grade office premises in Hong Kong and the U.S. with gross floor area of approximately 16,000 square feet and 146,000 square feet respectively, and residential units in New York with gross floor area of approximately 17,000 square feet. The office premises and the residential units had an aggregate occupancy rate of approximately 88.6% as at 31 December 2017.

In addition, in April 2017, our Group completed the acquisition of two buildings adjacent to each other that are located at a prime location on Sixth Avenue of Manhattan, New York, at a total cash consideration of approximately US$53.0 million. The demolition of the two buildings of gross floor area of approximately 18,000 square feet is expected to start in the first half of 2018. The Group has submitted a redevelopment plan of gross floor area of approximately 80,000 square feet for the site of the two buildings, aiming to redevelop the site as a mixed-use residential development. The development sits at the crossroads between Chelsea, West Village and Union Square, with well connection to other areas through various metro lines and trains nearby. The Group will target to structure unique product types in this pilot development site with splendid amenities.

Fund Investments

During the Year, no dividend income was received by our Group from fund investments (2016: HK$59.1 million). The decrease is due to the decision of the independent investment manager of our fund investments to retain capital resources to invest in rally securities market during the Year so as to maximise the investment return of the fund investments. Apart from other movement, an increase of approximately HK$98.0 million in fair value of fund investments was recorded in other comprehensive income for the Year due to upswing global capital market (2016: a decrease in fair value of approximately HK$5.3 million). Our fund investment portfolio, classified as available-for-sale investments, recorded carrying value of approximately HK$2,213.1 million as at 31 December 2017 (2016: approximately HK$2,115.1 million). Through fund investments, our Group aims to capture more sound investment opportunities, diversify its risk exposure, and further enhance its rate of return through efficient management and a wider access to investment channels.

Securities and Other Investments

During the Year, our Group recorded a loss arising from changes in fair value of financial instruments held for trading of approximately HK$1.6 million due to volatile global capital market during the Year (2016: a gain of approximately HK$6.0 million), and dividend income from securities and other investments of approximately HK$2.6 million (2016: approximately HK$2.3 million) and HK$16.4 million (2016: Nil), respectively.

As at 31 December 2017, our securities investment portfolio mainly consisted of investment in listed securities in Hong Kong and in overseas of approximately HK$45.7 million (2016: Nil) and HK$222.1 million (2016: HK$160.3 million), respectively. Securities investment forms part of our Group's cash management activities and we maintain a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market.

MARKET OUTLOOK AND DEVELOPMENT PROSPECTS

With the unemployment rate returning to pre-crisis level, despite of political uncertainties, the global economy was on the rising trajectory in 2017. We expect the growth will continue to accelerate, with pockets of opportunities and challenges, in the coming year, due to the strengthening global demand, encouraging fiscal stimulus as well as the cautious stand of the policymakers. We stay positive on the U.S. economy with expectation on moderate economic growth, especially with the proposed U.S. tax reform and infrastructure policy, which may lead a further boost of growth for the U.S. economy as well as in the global market.

Given the fact that U.S. real estate market continues to differentiate between cities and submarkets, and workforce and family behaviors and preference changes as a result of the evolving technologies, the focus will be on very in-depth local market knowledge and analysis, changing investment strategy according to local market trends, as well as active project management, which is exactly what our local asset management platform – GR Realty– is expertise in, with their well-established local track record and network and market knowhow. Such increasingly challenging investment environment also provides fertile conditions for companies like GR Realty with active real estate investment management strategy. Leveraging on the expertise of GR Realty, we aim to more efficiently capture sound business opportunities in the U.S., enhance the local reputation, and expand the asset management scale.

Further, under the backdrop of a synchronized global economy upswing, we will still keep close attention on other core overseas markets, so as to take timely steps when good opportunities arise and when current business develops into a more solid stage.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

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 in issue as at 31 December 2017. The implementation of the proposed capital reduction is subject to fulfillment of certain conditions precedent. If such proposed capital reduction becomes effective, a credit in the amount of HK$130,000,002 in the capital reduction reserve account of the Company will arise and 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 announcement of the Company dated 28 January 2018 and circular 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. 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 CPS 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 CPS (in such integral multiple) (the "**Adjusted CPS**") 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 CPS) in the Company (taking into account the New Issuance and any outstanding convertible and/or exchangeable securities of the Company (other than the CPS) on an as converted and fully dilutive basis) immediately before completion of the New Issuance; and (ii) the number of Adjusted CPS shall not exceed 203,466,429.

The proposed amendments constituted a connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, (the "**Listing Rules**") and is subject to, amongst others, approval by the independent shareholders of the Company and in respect of the amendments of the terms of the CPS, the listing approval by The Stock Exchange of Hong Kong Limited. Details of the transaction are set out in the announcement of the Company dated 28 January 2018 and circular dated 28 February 2018.

On 26 February 2018, Vital Harvest Global Limited ("**Vital Harvest**"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement with GR Realty pursuant to which Vital Harvest has conditionally agreed to acquire 100% equity interest of 600 Clipper GP Partner A LLC (the "**GP Partner A**"), being the general partner of a partnership namely 600 Clipper Investment Partnership LP (the "**Investment Partnership**") which indirectly owns and manages an office campus located in California, the U.S, at a consideration of US$945 (the "**Acquisition**"). On the same date, 600 Clipper SPV LLC ("**SPV LLC**"), another wholly-owned subsidiary of the Company, has also entered into an assignment agreement with a wholly-owned subsidiary of GR Realty, pursuant to which SPV LLC has conditionally agreed to accept the assignment of 19.5% limited partner interest of the Investment Partnership at a consideration of US$7,383,635 (the "**Assignment**"). Both the acquisition agreement and the assignment agreement are inter-conditional. Upon the completion of such acquisition and assignment, the GP Partner A and its subsidiaries (including the Investment Partnership) (collectively known as the "**Target Group**") will be accounted for as subsidiaries of the Group and the accounts of the Target Group will be consolidated into those of the Company. The Acquisition and the Assignment, when aggregated, constitute a major transaction for the Company under Chapter 14 of the Listing Rules which is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. Details of the transaction are set out in the announcement of the Company dated 26 February 2018.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Sales proceeds from disposal of financial instruments held for trading		**584,805**	397,398
Revenue	3	**55,565**	83,097
Other income	4	**43,065**	44,008
Employee costs		**(31,495)**	(17,529)
Share-based compensation		**—**	(728)
Depreciation		**(489)**	(1,143)
Other expenses		**(81,533)**	(55,557)
(Loss)/gain arising from changes in fair value of financial instruments held for trading		**(1,589)**	5,953
Gain arising from changes in fair value of investment properties		**22,086**	28,402
Provision for impairment loss on available-for-sale investments	11	**(1,703)**	—
Share of results of joint ventures	5	**12,102**	(86,218)
Finance costs	6	**(88,350)**	(248,394)
Loss before income tax	7	**(72,341)**	(248,109)
Income tax	8	**(14,677)**	(5,269)
Loss for the year		**(87,018)**	(253,378)
Loss for the year attributable to:			
Owners of the Company		**(87,018)**	(253,378)
Losses per share for loss attributable to owners of the Company	9		
— basic (HK dollar)		**(0.19)**	(0.56)
— diluted (HK dollar)		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Loss for the year		**(87,018)**	(253,378)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
— Change in fair value of available-for-sale investments		**97,981**	(5,272)
— Exchange differences arising on translation of foreign operations		**5,732**	(949)
— Share of other comprehensive income of joint ventures	*5*	**—**	(12,039)
— Release of exchange reserve upon disposal of subsidiary		**—**	73,406
Other comprehensive income for the year		**103,713**	55,146
Total comprehensive income for the year		**16,695**	(198,232)
Total comprehensive income attributable to:			
Owners of the Company		**16,695**	(198,232)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Investment properties		**721,212**	713,052
Property, plant and equipment		**1,696**	2,243
Interests in joint ventures	*5*	**966,981**	985,149
Available-for-sale investments	*11*	**2,226,977**	2,223,958
Loan receivables	*12*	**415,271**	604,031
		4,332,137	4,528,433
Current assets			
Deposits, prepayments and other receivables		**11,960**	7,426
Deposits paid for acquisition of properties held for resale		**—**	50,023
Properties under development		**442,011**	—
Loan receivables	*12*	**20,543**	47,611
Amount due from a fellow subsidiary		**—**	665
Financial instruments held for trading		**267,786**	170,645
Cash and bank balances		**1,514,828**	1,121,440
		2,257,128	1,397,810
Current liabilities			
Other payables and accrued charges		**49,081**	36,267
Amount due to an intermediate holding company		**552,675**	—
Taxation payable		**410**	123
Borrowings	*13*	**48,066**	272,513
		650,232	308,903
Net current assets		**1,606,896**	1,088,907
Total assets less current liabilities		**5,939,033**	5,617,340

	Note	2017 HK$'000	2016 HK$'000
Capital and reserves			
Share capital		**184,881**	184,881
Reserves		**5,290,790**	3,649,311
Total equity		**5,475,671**	3,834,192
Non-current Liabilities			
Borrowings	*13*	**448,882**	1,776,477
Deferred tax liabilities		**14,480**	6,671
		463,362	1,783,148
Total equity and non-current liabilities		**5,939,033**	5,617,340

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital *HK$'000*	Convertible preference shares reserve *HK$'000*	Perpetual bond *HK$'000*	Capital contribution reserve *HK$'000*	Capital reduction reserve *HK$'000*	Share option reserve *HK$'000*	Available-for-sale financial assets reserve *HK$'000*	Translation reserve *HK$'000*	(Accumulated losses)/ Retained profits *HK$'000*	Attributable to owners of the Company *HK$'000*
Balance at 1 January 2016	184,881	3,898,698	–	867,560	–	23,439	(18,738)	(48,304)	(951,190)	3,956,346
Other comprehensive income										
– Change in fair value of available-for-sale investments	–	–	–	–	–	–	(5,272)	–	–	(5,272)
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(949)	–	(949)
– Share of other comprehensive income of joint ventures	–	–	–	–	–	–	–	(12,039)	–	(12,039)
– Release of exchange reserve upon disposal of subsidiary	–	–	–	–	–	–	–	73,406	–	73,406
Loss for the year	–	–	–	–	–	–	–	–	(253,378)	(253,378)
Total comprehensive income for the year	–	–	–	–	–	–	(5,272)	60,418	(253,378)	(198,232)
Share-based compensation	–	–	–	–	–	728	–	–	–	728
Vested share options forfeited	–	–	–	–	–	(296)	–	–	296	–
Capital contribution through borrowings from parent *(Note 13(c))*	–	–	–	75,350	–	–	–	–	–	75,350
Balance at 31 December 2016 and 1 January 2017	**184,881**	**3,898,698**	**–**	**942,910**	**–**	**23,871**	**(24,010)**	**12,114**	**(1,204,272)**	**3,834,192**
Other comprehensive income										
– Change in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**97,981**	**–**	**–**	**97,981**
– Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,732**	**–**	**5,732**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(87,018)**	**(87,018)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**97,981**	**5,732**	**(87,018)**	**16,695**
Vested share options forfeited	**–**	**–**	**–**	**–**	**–**	**(523)**	**–**	**–**	**523**	**–**
Capital contribution through borrowings from parent *(Note 13(c))*	**–**	**–**	**–**	**24,924**	**–**	**–**	**–**	**–**	**–**	**24,924**
Capital reduction	**–**	**(1,411,529)**	**–**	**–**	**1,411,529**	**–**	**–**	**–**	**–**	**–**
Issue of perpetual bond	**–**	**–**	**1,599,860**	**–**	**–**	**–**	**–**	**–**	**–**	**1,599,860**
Transfer	**–**	**–**	**659,644**	**(659,644)**	**(1,411,529)**	**–**	**–**	**–**	**1,411,529**	**–**
Balance at 31 December 2017	**184,881**	**2,487,169**	**2,259,504**	**308,190**	**–**	**23,348**	**73,971**	**17,846**	**120,762**	**5,475,671**

NOTES

1. DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the two years ended 31 December 2016 and 2017 included in this preliminary announcement of the annual results for the year ended 31 December 2017 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong (the "**Companies Ordinance**")) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2017 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

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

(a) Adoption of new/revised HKFRSs — effective on 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the note to the cash flow statement of the Group.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on the financial statements of the Group as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on the financial performance and position of the Group as the amendments affect only disclosure. In addition, there is no interests in other entities classified as held for sale or discontinued operations at the end of the reporting period.

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

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKAS 28 Investments in Associates and Joint Ventures	Clarifies that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using HKFRS 9 Financial Instruments[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to: HKFRS 3, Business Combinations; HKFRS 11 Joint Arrangements; HKAS 12, Income Taxes; and HKAS 23 Borrowing Costs[2]
HKFRS 16	Leases[2]
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after 1 January 2021

4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a venture capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 — Financial Instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

(i) Financial assets

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("**FVTPL**") and (3) fair value through other comprehensive income ("**FVTOCI**") as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group has assessed that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in equity securities which the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to HKFRS 9.

At 31 December 2017, the Group held available-for-sale equity investments at cost and at FVTOCI amounted to HK$1,753,006,000 and HK$473,971,000 respectively (Note 11). The Group plans to recognise any fair value changes in respect of all the available-for-sale equity investments in profit or loss (i.e. FVTPL) as they arise.

This will give rise to a change in accounting policies as before adopting HKFRS 9, the Group only recognises the identified impairment for available-for-sale equity investments measured at cost in profit or loss and recognises the fair value changes of available-for-sale equity investments measured at FVTOCI in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss in accordance with the Group's policies. Accordingly, for those available-for-sale are measured at cost less any identified impairment losses at the end of the reporting period, this change in policy will have impact on the Group's net assets and total comprehensive income, and will increase volatility in profit or loss in 2018. For those available-for-sale are measured at FVTOCI, this change in policy will have no impact on the Group's net assets and total comprehensive income, but will increase volatility in profit or loss in 2018. Upon the initial adoption of HKFRS 9, the fair value gains of HK$73,971,000 related to these investments will be transferred from the fair value reserve to retained profits at 1 January 2018.

(ii) Financial Liabilities

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of an financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group currently does not have any hedge relationship and therefore it expects that the accounting for its hedging relationships will not be significantly impacted.

HKFRS 15 — Revenue from Contracts with Customers

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

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

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

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue. The Group is currently assessing the impacts of adopting HKFRS 15 on its financial statements. Based on the preliminary assessment, the adoption of HKFRS 15 has no significant impact on the Group's revenue recognition on dividend income earned from investments including financial assets at fair value through profit or loss.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

Amendments to HKAS 40 — Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

HK(IFRIC)–Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2017, the Group's total future minimum lease payments under non-cancellable operating lease of HK$7,576,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding lease liability in respect of all the leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result changes in measurement, presentation and disclosure as indicated above.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. Except as described above, the directors of the Company anticipate that the application of other new and amendments to HKFRSs and an interpretation will have no material impact on the Group's financial performance and positions and/or the disclosures to the financial statements of the Group.

3. SEGMENT INFORMATION

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

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

1. 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 U.S. 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 revenue 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.

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

For the year ended 31 December 2017

	Investment in fund platform *HK$'000*	**Property investment and development** *HK$'000*	**Fund investments** *HK$'000*	**Securities and other investments** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**—**	**36,556**	**—**	**603,814**	**640,370**
Less: Sales proceeds from disposal of financial instruments held for trading	**—**	**—**	**—**	**(584,805)**	**(584,805)**
Revenue as presented in consolidated income statement	**—**	**36,556**	**—**	**19,009**	**55,565**
Segment results	**19,728**	**37,260**	**117**	**12,858**	**69,963**
Interest income from bank deposits					**1,783**
Unallocated corporate expenses					**(55,737)**
Finance costs					**(88,350)**
Loss before income tax					**(72,341)**

For the year ended 31 December 2016

	Investment in fund platform *HK$'000*	Property investment and development *HK$'000*	Fund investments *HK$'000*	Securities and other investments *HK$'000*	Consolidated *HK$'000*
Segment revenue	—	21,678	59,110	399,707	480,495
Less: Sales proceeds from disposal of financial instruments held for trading	—	—	—	(397,398)	(397,398)
Revenue as presented in consolidated income statement	—	21,678	59,110	2,309	83,097
Segment results	(77,459)	52,790	58,369	7,822	41,522
Interest income from bank deposits					2,560
Unallocated corporate expenses					(43,797)
Finance costs					(248,394)
Loss before income tax					(248,109)

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 result represents 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.

(a) **Segment assets and liabilities**

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

	2017	2016
	HK$'000	*HK$'000*
Assets		
Segment assets		
— Investment in fund platform	**1,497,847**	1,458,852
— Property investment and development	**1,640,679**	968,578
— Fund investments	**2,221,694**	2,141,775
— Securities and other investments	**599,827**	758,581
Unallocated assets	**629,218**	598,457
Consolidated total assets	**6,589,265**	5,926,243
Liabilities		
Segment liabilities		
— Investment in fund platform	**25,965**	12,068
— Property investment and development	**11,897**	9,087
— Fund investments	**48**	48
— Securities and other investments	**122**	12,023
Unallocated liabilities	**1,075,562**	2,058,825
Consolidated total liabilities	**1,113,594**	2,092,051

Segment assets include all assets are allocated to operating segments other than property, plant and equipment, unallocated deposits, prepayments and other receivables, amount due from a fellow subsidiary, certain cash and bank balances which are not allocated to a segment.

Segment liabilities included all liabilities are allocated to operating segments other than tax payable, borrowings, 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.

For the year ended 31 December 2017

Other segment information

	Investment in fund platform *HK$'000*	**Property investment and development** *HK$'000*	**Fund investments** *HK$'000*	**Securities and other investments** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Interests in joint ventures	**966,981**	**—**	**—**	**—**	**966,981**
Gain arising from changes in fair value of investment properties	**—**	**22,086**	**—**	**—**	**22,086**
Loss arising from changes in fair value of financial instruments held for trading	**—**	**—**	**—**	**(1,589)**	**(1,589)**
Loss on disposal of subsidiaries		**(3,317)**	**—**	**—**	**(3,317)**
Provision for impairment on available-for-sale investment	**—**	**—**	**—**	**(1,703)**	**(1,703)**
Share of results of joint ventures	**12,102**	**—**	**—**	**—**	**12,102**

For the year ended 31 December 2016

Other segment information

	Investment in fund platform *HK$'000*	Property investment and development *HK$'000*	Fund investments *HK$'000*	Securities and other investments *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Interests in joint ventures	985,149	—	—	—	985,149
Gain arising from changes in fair value of investment properties	—	28,402	—	—	28,402
Gain arising from changes in fair value of financial instruments held for trading	—	—	—	5,953	5,953
Loss on disposal of a subsidiary	(7,388)	—	—	—	(7,388)
Share of results of joint ventures	(86,218)	—	—	—	(86,218)

(b) Geographical information

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

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

	Revenue from external customers		**Non-current assets other than financial instruments and interests in joint ventures**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**9,655**	10,341	**360,549**	353,423
The U.S.	**29,445**	13,132	**362,357**	361,866
Australia	**16,390**	—	**—**	—
The PRC	**10**	—	**2**	6
Others*	**65**	59,624	**—**	—
	55,565	83,097	**722,908**	715,295

* For the year ended 31 December 2016, included in Others was two dividend income of approximately HK$35,814,000 and HK$23,296,000 received from investment funds which are operated in Cayman Islands.

(c) Information about major customers

For the year ended 31 December 2017, there were dividend income received from an investee (reported under the Group's securities and other investments segment) and rental income received from a tenant (reported under the Group's Property investment and development segment), each of whom contributed approximately 29% and 13% respectively of the Group's total revenue. Revenue derived from the investee and the tenant during the year amounted to approximately HK$16,390,000 and HK$7,147,000 respectively.

For the year ended 31 December 2016, there were two dividend income received from the investees (reported under the Group's fund investments segment), each of whom contributed approximately 43% and 28% of the Group's total revenue. Revenue derived from these two investees during the year amounted to approximately HK$35,814,000 and HK$23,296,000 respectively.

4. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**1,783**	2,560
Other interest income	**37,607**	38,614
Others	**3,675**	2,834
	43,065	44,008

5. INTERESTS IN JOINT VENTURES

	2017	2016
	HK$'000	HK$'000
Share of net assets other than goodwill	**931,431**	949,883
Goodwill	**35,550**	35,266
At the end of the year	**966,981**	985,149

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the year	**985,149**	2,167,916
Capital contributions	**—**	408
Dividend distribution	**(37,080)**	(24,765)
Disposal	**—**	(1,060,153)
Share of post-acquisition profits/(losses), net of tax and other comprehensive income	**12,102**	(98,257)
Income tax paid	**6,405**	—
Exchange difference	**405**	—
At the end of the year	**966,981**	985,149

As at 31 December 2017 and 2016, the Group has interests in the following 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		Principal activities
					2017	2016	
Gemini-Rosemont Realty LLC	Limited liability company	The U.S.	The U.S.	Class A membership interests *	**45%**	45%	Property investment & management
Rosemont WTC Denver GPM LLC	Limited liability company	The U.S.	The U.S.	Membership interests #	**100%**	100%	Property investment & management
Rosemont Diversified Portfolio II LP	Limited partnership	The U.S.	The U.S.	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

Notes:

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

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

The loss arising from the disposal of Chance Bright amounted to approximately HK$7,388,000 was included as "Other expenses" in the consolidated income statement.

During the year ended 31 December 2016, the Group share the post-acquisition loss and other comprehensive income of Sino Prosperity Real Estate Limited and Sino Prosperity Real Estate Advisor Limited of approximately US$22,245,000 (equivalent to approximately HK$172,591,000) in aggregate.

(c) 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 the 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 HK$116,319,000) and US$34,388,000 (equivalent to approximately HK$266,661,000) respectively. Denver GPM LLC and Portfolio II LP represented the syndicated projects under the portfolio of Rosemont (the "**Syndicated Projects**").

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

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

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

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 U.S. 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 class A membership interests of Gemini-Rosemont. 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 U.S., 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 U.S., 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 U.S., was formed on 12 December 2012 to acquire, hold, operate, develop, improve, sell, and otherwise manage investment properties in the U.S..

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 31 December 2017 and 2016.

For the year ended 31 December 2017, the Group shared the post-acquisition loss of Gemini-Rosemont, net of tax amounted to US$973,000 (equivalent to approximately HK$7,578,000 (2016: profit of US$6,200,000 (equivalent to approximately HK$48,076,000))), and post-acquisition profits of Denver GPM LLC and Portfolio II LP amounted to US$824,000 and US$1,703,000 respectively (equivalent to approximately HK$6,419,000 and HK$13,261,000 respectively) (2016: profits of US$523,000 and US$2,862,000 respectively (equivalent to approximately HK$4,056,000 and HK$22,202,000 respectively)).

For the year ended 31 December 2017, the Group received dividend distribution from Gemini-Rosemont, Denver GPM LLC and Portfolio II LP amounted to US$2,250,000, US$112,000 and US$2,406,000 respectively (equivalent to approximately HK$17,456,000, HK$868,000 and HK$18,756,000) respectively (2016: Nil, US$445,000 and US$2,747,000 respectively (equivalent to approximately Nil, HK$3,453,000 and HK$21,312,000 respectively)).

For the year ended 31 December 2017, the Group paid income tax in respect of its direct tax obligation in Gemini-Rosemont and Portfolio II LP amounted to US$270,000, and US$553,000 respectively (equivalent to approximately HK$2,100,000 and HK$4,305,000) respectively (2016: Nil).

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**28,819**	59,266
Imputed interest expense on other borrowings *(Notes 13(c), (d) & (e))*	**57,140**	186,059
Amortisation of arrangement fee	**2,000**	2,833
Others	**391**	236
	88,350	248,394

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging and (crediting):

	2017 HK$'000	2016 HK$'000
Auditor's remuneration		
— current year	**4,043**	3,331
— underprovision in the prior year	**286**	295
	4,329	3,626
Gross rental income from investment properties	**(36,556)**	(21,678)
Direct operating expenses arising from investment properties that generated rental income	**14,306**	6,395
Direct operating expenses arising from investment properties that did not generated rental income	**13,869**	227
	(8,381)	(15,056)
Dividend income from financial instruments held for trading	**(2,619)**	(2,309)
Interest income from investments	**(602)**	(53)
Net foreign exchange (gain)/loss	**(6,186)**	5,863
Rental payments in respect of properties under operating leases	**5,788**	5,037
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	**871**	776
Loss on disposal of subsidiaries	**3,317**	7,388
Written off of property, plant and equipment	**20**	—
Loss on disposal of property, plant and equipment	**246**	—

8. INCOME TAX

	2017 *HK$'000*	2016 *HK$'000*
The taxation attributable to the Group's operation comprises:		
Current tax — Hong Kong Profits Tax		
Provision for the year	**321**	428
Under/(over)-provision in respect of prior years	**280**	(60)
	601	368
Current tax — PRC Enterprise Income Tax		
Provision for the year	**11**	—
Current tax — Overseas tax		
Provision for the year	**6,342**	—
Deferred tax	**7,723**	4,901
Income tax	**14,677**	5,269

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

For the year ended 31 December 2017, all of the Group's PRC subsidiaries were subject to PRC Enterprise Income Tax rate of 25% (2016: 25%).

Overseas tax is calculated at the rates applicable in the respective jurisdictions in which the Group operates.

9. LOSSES PER SHARE

The calculation of the basic losses per share attributable to owners of the Company is based on the loss for the year of HK$87,018,000 (2016: HK$253,378,000) and the weighted average number of ordinary shares of 450,990,000 (2016: 450,990,000) in issue during the year.

No adjustment has been made to basis losses per share amount presented for the years ended 31 December 2017 and 2016 in respect of a dilution as the impact of share options and convertible preference shares outstanding, had an anti-dilutive on the basis losses per share amount presented.

10. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2016 and 2017, nor has any dividend been proposed since the end of the reporting period.

11. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Unlisted equity investments, at cost *(Note (a))*	**9,449**	105,492
Club debentures *(Note (b))*	**6,453**	3,669
Unlisted fund investments *(Note (c))*	**2,213,108**	2,115,127
Impairment loss on available-for-sale investments *(Notes (a)(i) & (ii))*	**(2,033)**	(330)
	2,226,977	2,223,958

Notes:

(a) (i) At the end of reporting period, the unlisted equity investments included investments in unlisted equity securities issued by private entities incorporated outsides Hong Kong amounted to HK$7,413,000 (2016: HK$13,505,000) after impairment provision, of which the Group holds less than 2% (2016: less than 2%) of the equity interest of the investee. The impairment provision of HK$330,000 was made at 31 December 2017 and 2016.

(ii) At the end of the reporting period, the Group held 5% unlisted equity interest in a PRC entity which was determined as impaired (2016: RMB1,500,000 (equivalent to approximately HK$1,677,000)). A provision for impairment loss of HK$1,703,000 has been recognised during the year (2016: Nil).

(iii) At the end of the reporting period , the Group held 199 ordinary units 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 2016: 199 ordinary units, 14,285,316 of the class A units of A' Beckett Street Trust (the "**Trust**") and 199 trustee's ordinary shares in the capital of the Trustee amounted to A$14,285,714 (equivalent to approximately HK$89,980,000) in aggregate). The objective of the Trust is to complete the proposed development of a residential complex on the parcel of land in Melbourne, Australia. As at 31 December 2017, the development project has been completed. Preferred return and capital repayment of the class A units of the Trust amounted to approximately HK$89,977,000 in aggregate has been returned and received by the Group during the year.

As the Group has no power to govern or participate in the financial and operating policies of the investee so as to obtain benefits from its activities, the directors of the Company designated the unlisted equity investments as available-for-sale investments.

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

(b) At the end of the reporting period, club debentures of HK$6,453,000 (2016: HK$3,669,000) were classified as available-for-sale investments which are stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

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

	2017	2016
	HK$'000	*HK$'000*
At fair value *(Notes (c)(i), (c)(ii) & (c)(iii))*	**473,971**	375,990
At cost *(Notes (c)(iv) & (c)(v))*	**1,739,137**	1,739,137
	2,213,108	2,115,127

(i) At the end of the reporting period, the Group held approximately 341,000 (2016: 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 as at 31 December 2017 is approximately HK$126,212,000 (2016: approximately HK$112,130,000).

(ii) At the end of the reporting period, the Group held approximately 141,000 (2016: 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 as at 31 December 2017 is approximately HK$200,943,000 (2016: approximately HK$154,978,000).

(iii) At the end of the reporting period, the Group also held approximately 110,000 (2016: 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 as at 31 December 2017 is approximately HK$146,816,000 (2016: approximately HK$108,882,000).

(iv) At the end of the reporting period, the Group held and 1,012,000 (2016: 1,012,000) non-redeemable, non-voting participating shares of the Property Fund, which incorporated in Cayman Islands and 637,000 (2016: 637,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the "**Private Equity Fund**"). The carrying values of the investments in the Property Fund and the Private Equity Fund as at 31 December 2017 are approximately HK$775,818,000 (2016: approximately HK$775,818,000) and approximately HK$500,506,000 (2016: 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 U.S. and potentially to a lesser extent in Singapore and countries that are members of the Organisation for Economic Co-operation 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 U.S., Europe and/or Australia.

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

(v) On 3 November 2015, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement with Prosperity Risk Balanced Fund LP (the "**PRB Fund**"), pursuant to which the Group agreed to contribute commitments for a total amount of US$60,000,000 (equivalent to approximately HK$465,000,000) as a limited partner to PRB Fund. The amount of the Group's commitments represents 7.5% of the total commitments of US$800,000,000 (equivalent to approximately HK$6,200,000,000). As at 31 December 2017, the carrying value of the investments in the PRB Fund is approximately HK$462,813,000 (2016: approximately HK$462,813,000).

At the end of the reporting period, the Group has outstanding commitments to make capital contribution of approximately US$285,000 (equivalent to approximately HK$2,225,000) (2016: approximately US$285,000 (equivalent to approximately HK$2,270,000)).

As the investment in PRB Fund do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses.

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

12. LOAN RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Current:		
Loans to a joint venture *(Note (a))*	**20,543**	26,395
Loan to the Trustee *(Note (c))*	**—**	21,216
	20,543	47,611
Non-current:		
Loans to a joint venture *(Note (a))*	**415,271**	411,989
Loans to investee *(Note (b))*	**—**	190,000
Loan to member of a joint venture *(Note (d))*	**—**	2,042
	415,271	604,031
	435,814	651,642

Notes:

(a) As at 31 December 2017, loan receivables of US$2,628,000 equivalent to approximately HK$20,543,000 (2016: US$3,404,000 (equivalent to approximately HK$26,395,000)) in aggregate are due from the joint venture. These loans are unsecured, interest-bearing at 5% per annum and repayable on demand.

In addition, loan receivables of US$53,125,000 (equivalent to approximately HK$415,271,000) (2016: US$53,125,000 (equivalent to approximately HK$411,989,000)) in aggregate are due from the joint venture as at 31 December 2017. Among the loan receivables of US$53,125,000, there was a working capital facility of US$10,000,000 granted by the Group to Gemini-Rosemont, the joint venture on 31 December 2014 as described in Note 5. These loans are unsecured, interest-bearing at rates ranging from 5% to 6% per annum and repayable within 2020 and 2021, accordingly are classified as non-current assets at the end of the reporting period.

(b) The loan receivables due from an investee are repayable in 2018 and 2019, unsecured, interest-bearing at 6% per annum and guaranteed by the Property Fund, a member holds 30% and 18.423% of class A and class B membership interests respectively in Gemini-Rosemont (Note 5). On 21 December 2017, the loan receivables were fully settled by the investee.

(c) A loan receivable of A$4,121,170 (equivalent to approximately HK$21,216,000) is due from the Trustee in relation to an available-for-sale investment (Note 11(a) (iii)). This loan is unsecured, interest-bearing at 10% per annum and repayable in 2017. On 4 May 2017, the loan receivable was fully settled by the Trustee.

(d) A loan receivable of approximately US$263,368 (equivalent to approximately HK$2,042,000) is due from a member holding class B membership interests in Gemini-Rosemont (Note 5(c)). The loan is secured, interest-bearing at 6% per annum and repayable in 2020. On 31 March 2017, the loan receivable was fully settled by the member.

13. BORROWINGS

The maturity profile of the borrowings is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current:		
Obligation under finance lease	**66**	45
Bank and other loans		
— unsecured and repayable within 1 year *(Notes (a) & (c))*	**48,000**	272,468
	48,066	272,513
Non-current:		
Obligation under finance lease	**215**	25
Bank and other loans		
— unsecured and repayable after 1 year but within 2 years *(Notes (a) & (d))*	**448,667**	851,693
— unsecured and repayable after 2 years but within 5 years *(Note (a))*	**—**	448,667
— unsecured and repayable after 5 years *(Note (e))*	**—**	476,092
	448,882	1,776,477
	496,948	2,048,990

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

Notes:

(a) As at 31 December 2017, a bank borrowing amounted to HK$496,667,000 of which HK$48,000,000 is repayable within one year and the remaining balance of HK$448,667,000 under non-current liabilities is repayable after 1 year but within 2 years (2016: HK$494,667,000, of which HK$46,000,000 under non-current liabilities is wholly repayable after 1 year but within 2 years and the remaining balance amounted to HK$448,667,000 under non-current liabilities was wholly repayable after 2 years but within 5 years). This bank borrowing is unsecured and bearing interest at floating rate. The average interest rate as at 31 December 2017 is 2.08% (2016: 1.93%) per annum.

(b) On 31 May 2017, the Company and Grand Beauty entered in the subscription agreement pursuant to which the Company has agreed to issue and Grand Beauty has agreed to subscribe for the perpetual bond in an aggregate principal amount of approximately HK$2,259.5 million. After the issue of the perpetual bond, the carrying amounts of the borrowings as mentioned in Notes (c), (d) and (e) below together with interest accrued thereon as at 31 May 2017 amounting to approximately HK$1,599.8 million in aggregate was derecognised as the liability of the Company.

(c) On 12 August 2015, a borrowing amounted to US$100 million (equivalent to approximately HK$775,096,000) ("**Other Borrowing I**") was provided by Grand Beauty, an indirect wholly-owned subsidiary of Sino-Ocean Group Holding Limited, the ultimate parent of the Company. The Other Borrowing I was drawdown on 17 August 2015 ("**Drawdown Date I**"). The amount due was unsecured, wholly repayable in February 2016 and interest bearing at fixed rate of 2.04% per annum. On 17 February 2016 ("**Extension date**"), the maturity date of the Other Borrowing I was extended to 16 February 2017. On 28 June 2016, Other Borrowing I amounted to approximately US$64,402,000 (equivalent to approximately HK$499,733,000) was repaid. The carrying value of Other Borrowing I as at the Extension Date was HK$779,219,000. Due to this borrowing is provided by Grand Beauty, the difference between the carrying value and the fair value at the Extension Date of HK$75,350,000 represented a capital contribution through borrowings from parent and was recognised in the consolidated statement of changes in equity and the Company's statement of changes in equity. On 10 February 2017 ("**Extension date II**"), the maturity date of the remaining balance of Other Borrowing I was further extended to 16 February 2018.

The fair value of the Other Borrowing I on Drawdown Date I, Extension date and Extension date II were US$95,113,000 (equivalent to approximately HK$737,216,000), US$90,330,000 (equivalent to approximately HK$703,869,000), and US$32,386,000 (equivalent to HK$251,306,000) respectively, which were determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisals Limited an independent professional valuer. The Other Borrowing I was subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 13.06% per annum after the Drawdown Date I, 13.77% per annum after the Extension date and 12.26% per annum after the Extension date II.

The carrying value of Other Borrowing I as at the Extension date II was HK$276,230,000. Due to this borrowing is provided by Grand Beauty, the difference between the carrying value and fair value at the Extension date II which amounted to HK$24,924,000 represented a capital contribution through borrowings from parent and was recognised in the consolidated statement of changes in equity.

Imputed interest expense of approximately HK$10,363,000 (2016: HK$81,266,000) (Note 6) has been recognised in profit or loss for the year ended 31 December 2017.

As mentioned in Note (b) above, after the issue of the perpetual bond on 31 May 2017, the carrying value of the Other Borrowing I amounting to HK$258,914,000 was derecognised. As at 31 December 2016, the carrying value of the Other Borrowing I was HK$272,468,000 and it was classified as repayable within 1 year under current liabilities.

(d) On 2 December 2015, a borrowing amounted to US$125 million (equivalent to approximately HK$968,870,000) ("**Other Borrowing II**") was provided by Grand Beauty. The Other Borrowing II was drawdown on 7 December 2015 ("**Drawdown Date II**"). The amount due is unsecured, wholly repayable in 2018 and interest bearing at fixed rate of 1.90% per annum.

The fair value of the Other Borrowing II on Drawdown Date II was US$94,199,000 (equivalent to approximately HK$730,129,000), which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisals Limited, an independent professional valuer. The Other Borrowing II was subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.24% per annum. Imputed interest expense of approximately HK$32,170,000 (2016: HK$72,151,000) (Note 6) was recognised in profit or loss for the year ended 31 December 2017.

As mentioned in Note (b) above, after the issue of the perpetual bond on 31 May 2017, the carrying value of the Other Borrowing II amounting to HK$841,095,000 was derecognised. As at 31 December 2016, the carrying value of the Other Borrowing II was HK$805,693,000 and it was classified as repayable after 1 year but within 2 years under non-current liabilities.

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

The fair value of the Other Borrowing III on Drawdown Date III was HK$431,361,000, which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisals Limited, an independent professional valuer. The Other Borrowing III was subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.34% per annum. Imputed interest expense of approximately HK$14,607,000 (2016: HK$32,642,000) (Note 6) was recognised in profit or loss for the year ended 31 December 2017.

As mentioned in Note (b) above, after the issue of the perpetual bond on 31 May 2017, the carrying value of the Other Borrowing III amounting to HK$490,699,000 was derecognised. As at 31 December 2016, the carrying value of the Other Borrowing III was HK$476,092,000 and was classified as repayable after 5 years under non-current liabilities.

(f) On 31 August 2015, the Group has entered into a facility agreement with Grand Beauty with the facility amount of US$700 million (equivalent to approximately HK$5,471,809,000). The facility has not been utilised as at 31 December 2017 and 31 December 2016. The term of the facility granted is unsecured, wholly repayable in 2020 and interest bearing at fixed rate of 2.04% per annum.

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

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

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SHARES DEALINGS

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the Year, 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 the following Code Provisions:

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

Non-executive Directors should attend general meetings of the Company under Code Provision A.6.7 and the Chairman of the Board should attend the annual general meeting of the Company under Code Provision E.1.2. Due to other pre-arranged business commitments which had to be attended, (i) Mr. LI Ming (being the honorary chairman of the Board and a non-executive Director) and Mr. LI Hongbo (being a non-executive Director) were unable to attend the annual general meeting of the Company held on 21 April 2017 (the "**AGM**") and the extraordinary general meeting of the Company held on 5 July 2017; and (ii) Mr. DENG Wei (being an independent non-executive Director) was unable to attend the AGM.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and policies adopted by the Group and the annual results for the year ended 31 December 2017.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its ordinary shares as required under the Listing Rules as at the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The 2017 annual report of the Company containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and available on the Company's website at www.geminiinvestments.com.hk and HKExnews website at www.hkexnews.hk in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to all shareholders, business partners and bank enterprises for their great support and to our dedicated staff at all levels for their commitment and valuable contributions over the past year. 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.

By Order of the Board
Gemini Investments (Holdings) Limited
LAI Kwok Hung, Alex
Executive Director

Hong Kong, 28 February 2018

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:	*Non-executive Directors:*	*Independent non-executive Directors:*
Mr. SUM Pui Ying	Mr. LI Ming	Mr. LAW Tze Lun
Ms. CUI Yueming	Mr. LI Hongbo	Mr. LO Woon Bor, Henry
Mr. LAI Kwok Hung, Alex		Mr. DENG Wei