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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board of Directors (the "Board" or the "Director(s)") of Gemini Investments (Holdings) Limited (the "Company") hereby announces the interim results of the Company and its subsidiaries (together referred to as the "Group", "our Group" or "We"/"we") for the six months ended 30 June 2019 (the "2019 Interim Period").

INTERIM RESULTS FOR 2019

During the 2019 Interim Period, the Group recorded a loss attributable to owners of the Company of approximately HK$181.7 million as compared to a profit attributable to owners of the Company of approximately HK$15.9 million for the six months ended 30 June 2018 (the "2018 Interim Period").

As compared with the 2018 Interim Period, the recorded loss is mainly due to a certain extent of loss or provision provided for in several core businesses of the Group, mainly as a result of the negative market sentiment and uncertainty in market outlook caused by global trade disputes, while at the same time, there was no dividend income derived from our fund investment portfolio during the 2019 Interim Period as compared to the 2018 Interim Period.

Our Group recorded basic loss per ordinary share of approximately HK$0.40 for the 2019 Interim Period versus basic earnings per ordinary share of approximately HK$0.04 for the 2018 Interim Period. Our management will continue to focus on the improvement of our shareholders' return as their on-going principal task.

The Board does not recommend the payment of any interim dividend for the 2019 Interim Period.

CORE MOVES DURING THE 2019 INTERIM PERIOD

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

For investment in fund platform, the Group continues to put its development emphasis on the United States of America (the "U.S.") market, through the strategic cooperation with our U.S. real estate fund platform, Gemini-Rosemont Realty LLC ("GR Realty"), to expand our business in the U.S. carefully and cautiously. In accordance with our cooperation strategy, GR Realty is continously fine-tuning its strategies according to market situation, including concentrating its development focus on technology-driven, higher quality markets in gateway cities of the U.S. (such as those investments made in Seattle and Silicon Valley in recent years) and realising those investments made in non-gateway cities of the U.S. in early years and consolidating its regional offices. Despite the pursuit of such market repositioning strategy, GR Realty still has a handful of properties in non-gateway submarkets of which decrease in valuations caused by decrease in office demand as a result of negative market sentiment resulted in certain loss recorded by GR Realty (together with interests in certain syndicated projects controlled by GR Realty) during the 2019 Interim Period. The Group will keep up with its current strategy, aiming to solidify and expand its position and stand at a vantage point in the U.S. in the medium term.

For property development, the Group continues to promote our pilot redevelopment project in the core location of Manhattan, New York City together with experienced commercial partners. The project will be developed as a complex residential project with expected total gross floor area of approximately 82,000 square feet. We use a unique design concept for product positioning in our design. An experienced local team has been built up to monitor the operations of the project. As a result, the construction of the project has been commenced smoothly in the first quarter of 2019 and the overall progress has undergone as planned.

FINANCIAL REVIEW

Revenue

During the 2019 Interim Period, our Group recorded a decrease in revenue to approximately HK$60.4 million (2018 Interim Period: approximately HK$92.2 million) mainly because there was no dividend income derived from our fund investment portfolio during the 2019 Interim Period as compared to the 2018 Interim Period.

Other Income

Other income, which mainly comprised loan interest income derived from our loans to a joint venture, decreased slightly from approximately HK$19.9 million to HK$17.3 million.

Changes in Fair Value of Financial Assets at Fair Value Through Profit or Loss

A loss from changes in fair value of financial assets at fair value through profit or loss of approximately HK$70.4 million was recorded during the 2019 Interim Period (2018 Interim Period: a gain of approximately HK$4.0 million), as a result of losses incurred in our fund investment segment in which certain U.S. investments, such as real estate investments and securities investments held by the funds, suffered losses during the 2019 Interim Period due to the tension and uncertainties of global trade disputes.

Changes in Fair Value of Financial Instruments Held for Trading

A loss from changes in fair value of financial instruments held for trading of approximately HK$4.5 million was recorded during the 2019 Interim Period (2018 Interim Period: approximately HK$24.2 million) due to volatile global capital market and continued slowdown in global economic growth.

Share of Results of Joint Ventures

Loss arising from share of results of joint ventures of approximately HK$46.2 million (2018 Interim Period: approximately HK$28.1 million) was recorded during the 2019 Interim Period, which was mainly attributable to the share of loss in GR Realty, in which our Group has 45% membership interests. GR Realty acts as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the U.S.. While GR Realty is still repositioning its target property segment to higher quality markets with technology focus in gateway cities of the U.S., it still has a handful of properties in non-gateway submarkets such as the central and southern parts of the U.S.. The loss of GR Realty during the 2019 Interim Period is mainly due to a decrease in valuation of properties in the non-gateway markets and the expenditures for consolidating the regional offices in accordance with the repositioning proposal. Such decrease in valuation was caused by the negative market sentiment and uncertainty in market outlook due to the U.S.-China trade disputes. We expect this will linger for some time as tenants adopt a more cautious approach to expand, which lead to a decrease in demand for office buildings in non-gateway cities, and investors also allocate their property investments to more valuation resistant markets. Our Group has decided to provide a reversible provision for loans made to GR Realty as mentioned in the next sub-section below and will closely monitor the repositioning move and take appropriate strategy from time to time.

Provision for Impairment Loss on Financial Assets

A provision for impairment loss on financial assets of approximately HK$54.5 million (2018 Interim Period: approximately HK$0.6 million) was made for the 2019 Interim Period for loans to GR Realty and certain receivables in accordance with the Hong Kong Financial Reporting Standard 9 — Financial Instrument. Such impairment rules require the Group to recognise a reversible expected credit losses ("ECL") for trade and loan receivables, which measured at the end of each reporting period to reflect changes in the receivable's credit risk. In view of the negative market sentiment, our Group adopted a prudent estimate on the ECL.

Finance Costs

Our Group recorded finance costs of approximately HK$15.0 million during the 2019 Interim Period as compared to approximately HK$14.3 million for the 2018 Interim Period. The slight increase resulted from a combined effect of (i) our repayment of a bank borrowing with a principal amount of HK$500.0 million in November 2018 and (ii) interests and bank charges incurred on a bank facility of U.S. dollars ("US$") $65.0 million bearing at floating interest rate with average of approximately 5.15% per annum for the 2019 Interim Period and being repayable in 2020 (Loan drawndown from such facility was first made in February 2019, and a principal of US$12.0 million (equivalent to approximately HK$93.8 million) has been drawn from such facility as at 30 June 2019). Our management will continue to maintain our Group's finance costs at a reasonable level.

Other Expenses

Other expenses of the Group increased to approximately HK$47.7 million for the 2019 Interim Period from approximately HK$34.4 million for the 2018 Interim Period. Other expenses included direct operating expenses arising from investment properties held by the Group of approximately HK$18.2 million (2018 Interim Period: approximately HK$16.0 million) and general operating costs of the Group of approximately HK$29.5 million (2018 Interim Period: approximately HK$18.4 million), such as rent and rate, professional fees paid for daily operations and investment research, other administrative and office expenses, as well as exchange difference. The increase in other expenses is mainly due to the exchange loss of approximately HK$3.8 million (2018 Interim Period: exchange gain of approximately HK$7.5 million) recorded arising from the depreciation of U.S. dollar against Hong Kong dollar during the 2019 Interim Period.

Financial Resources and Liquidity

The principal amount of our total bank borrowings increased from approximately HK$425.3 million (comprising a bank borrowing of US$54.3 million bearing at fixed interest rate of approximately 3.72% per annum and repayable in 2028) as at 31 December 2018 to approximately HK$518.1 million as at 30 June 2019, mainly due to loan drawdown from a bank facility of US$65.0 million bearing at floating interest rate with average of approximately 5.15% per annum for the 2019 Interim Period and being repayable in 2020 (Loan drawndown from such facility was first made in February 2019, and a principal of US$12.0 million (equivalent to approximately HK$93.8 million) has been drawn from such facility as at 30 June 2019). Such loan drawdown was made to finance the redevelopment project located in New York City which was acquired by us in 2017. Apart from the above, our Group did not have any other interest-bearing debt as at 30 June 2019.

The net gearing ratio of our Group is calculated based on total bank borrowings less cash resources divided by total shareholders' equity. As at 30 June 2019, total cash resources (including bank balances and cash and short-term bank deposits) of our Group amounted to approximately HK$1,060.8 million (as at 31 December 2018: approximately HK$816.6 million) which is sufficient to pay off all bank borrowings of our Group with a principal amount of approximately HK$518.1 million as at 30 June 2019 (as at 31 December 2018: approximately HK$425.3 million). Therefore, our Group did not have any gearing on a net debt basis as at 30 June 2019 and as at 31 December 2018.

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

Financial Guarantees

As at 30 June 2019, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 30 June 2019, our Group had pledged deposits of approximately US$1.5 million (equivalent to approximately HK$12.0 million (as at 31 December 2018: HK$16.1 million)) and pledged investment properties in the U.S. with a carrying value of approximately US$92.1 million (equivalent to approximately HK$719.8 million (as at 31 December 2018: approximately HK$719.1 million)). The pledged deposits and investment properties have been used to secure a long term bank borrowing of approximately US$54.3 million (equivalent to approximately HK$424.4 million) of the Investment Partnership (as defined under the section headed “Investment in Fund Platform” below), with a fixed interest rate of around 3.72% per annum.

Commitments

As at 30 June 2019, the Group had commitments of approximately HK$19.1 million (31 December 2018: approximately HK$18.5 million) which was mainly attributable to property development expenditure for the Redevelopment Site as mentioned in the subsection headed “Property Investments and Development” under the section headed “Operation Review” below. It is expected that the Group will finance such commitments from its own funds and external financing (such as bank loans).

OPERATION REVIEW

During the 2019 Interim Period, our Group adhered to the philosophy of value investment and actively optimising its asset allocation. An analysis of our Group’s revenue and contribution to operating result for the 2019 Interim Period by our principal activities is set out in Note 5 to the unaudited condensed consolidated financial statements of our Group as disclosed in this announcement below.

Investment in Fund Platform

As at 30 June 2019, our interests in GR Realty, together with interests in certain syndicated projects controlled by GR Realty, amounted to approximately HK$785.7 million (as at 31 December 2018: approximately HK$858.6 million). GR Realty continued to engage in the ownership and/or management of its investment portfolio, comprising over 36 commercial properties (52 buildings), with over 8.1 million square feet in 15 states across the U.S., as at 30 June 2019.

During the 2019 Interim Period, our Group shared a loss of approximately HK$46.2 million (2018 Interim Period: approximately HK$28.1 million) as a result of its interests in GR Realty. The reasons for the loss of GR Realty are elaborated in the sub-section headed "Share of Results of Joint Venture" under the section headed "Financial Review" above. The economic growth is volatile and sensitive to the local community policies and incentives schemes in non-gateway cities such as cities in the central and southern part of the U.S.. While there is good prospects for the new economy, it takes time to reposition their focused businesses segments from the traditional businesses to ones embracing leading new economy businesses. During the interim of GR Realty's repositioning move for its property portfolio, it is reasonable to expect the short term performance indicators (such as occupancy rate due to the tenant mix changes) would cause great challenges ahead. The top management of GR Realty advises they will continue to take appropriate actions as and when necessary and appropriate.

As at 30 June 2019, our Group had (a) 100% general partnership interest of a limited partnership in the U.S. (which indirectly holds and controls the entire general partnership interest and 0.5% limited partnership interest in an investment partnership (the "Investment Partnership")); and (b) 19.5% limited partnership interest in the Investment Partnership. The Investment Partnership owns and operates a premier office campus in the heart of San Francisco Peninsula, California, the U.S. (the "Office Property"). The Office Property comprises a 3-storey commercial building with gross floor area of approximately 159,000 square feet and is entirely let to an investment grade credit-backed tenant (being a member of a group which is one of the world's leading manufacturers of automobiles and commercial vehicles) for use as its laboratory offices.

During the 2019 Interim Period, our Group recorded a rental income of approximately HK$42.2 million from the Office Property. The Office Property is expected to be positioned as the strategic key center of the tenant in the U.S.. During the 2019 Interim Period, we have continued to focus on tenant satisfaction and improvement of overall appearance of the Office Property, such as working on its landscape and tenants improvements.

Property Investments and Development

During the 2019 Interim Period, the Group recorded a revaluation gain for its investment properties of approximately HK$16.3 million (2018 Interim Period: approximately HK$22.7 million), attributable to appreciation of certain investment properties located in Hong Kong and the U.S.. As at 30 June 2019, our Group held investment properties comprising A-grade office premises in Hong Kong and U.S. with gross floor area of approximately 16,000 square feet and 305,000 square feet respectively, and residential units and carparking space in Hong Kong and New York with gross floor area of approximately 2,800 square feet and 17,000 square feet respectively. For all the above investment properties (based on square feet), the average occupancy rate was over 85% and the contracted occupancy rate was over 87% as at 30 June 2019.

The Group's redevelopment project located at 531-537, 539th Sixth Avenue of Manhattan, the heart of New York City (the "Redevelopment Site"), with a site area of approximately 8,054 square feet, will be developed into a mixed-use residential building structure with 145-foot tall. The estimated gross floor area for the development under the Redevelopment Site is approximately 82,000 square feet. Our Group plans to structure unique product types in this Redevelopment Site with splendid amenities, with gross floor area of approximately 74,000 square feet dedicated to residential use with the creation of condominiums (some being duplex units which are in scarcity in Manhattan) and gross floor area of approximately 5,700 square feet being for commercial-retail spaces on the ground floor.

The demolition work of the Redevelopment Site has been completed with construction works commenced in the first quarter of 2019 and expected to be completed in the fourth quarter of 2020.

As at 30 June 2019, the Redevelopment Site has a carrying value of approximately HK$552.2 million (as at 31 December 2018: approximately HK$479.5 million).

Fund Investments

Our fund investment portfolio, which was classified as financial assets at fair value through profit or loss since 1 January 2018, recorded carrying value of approximately HK$2,121.6 million as at 30 June 2019 (as at 31 December 2018: approximately HK$2,191.8 million). Loss arising from changes in the fair value of financial assets of approximately HK$70.1 million was recorded during the 2019 Interim Period (2018 Interim Period: a gain of approximately HK$4.0 million) as certain U.S. investments, such as real estate investments and securities investments held by the funds, suffered losses during the 2019 Interim Period due to the tension and uncertainties of global trade disputes.

During the 2019 Interim Period, there were many potential "black swan“ threats including the Fed interests trends, Brexit, and U.S.-China, U.S.-EU and U.S.-Japan trade disputes as well as others which pose significant threats to free trade and globalisation. As a result, the world economic growth has been hampered significantly. As advised by the investment manager of the funds, though their investment portfolio is diversified with focus on the tech markets in the U.S., the fair value of our investment units has been devalued as at the end of the 2019 Interim Period.

Global stock market is expected to face with various uncertainties of different political and economic circumstances. Our Group will adopt and maintain a cautious and pragmatic approach in the fund investments. To alleviate the impact arising from the uncertainties in the global stock market, our Group will focus more on other investment channels in order to bring better returns for our shareholders.

Securities and Other Investments

During the 2019 Interim Period, our Group recorded a slight loss from changes in fair value of financial instruments held for trading of approximately HK$4.5 million due to volatile global capital market (2018 Interim Period: approximately HK$24.2 million). Also, our Group recorded dividend income from securities and other investments of approximately HK$0.7 million (2018 Interim Period: approximately HK$11.0 million). The decrease in dividend income was mainly as a result of our exit of a property development project in Melbourn, Australia in the first half of 2018, which had contributed a dividend income of approximately HK$9.3 million for the 2018 Interim Period.

As at 30 June 2019, our securities investment portfolio mainly consisted of investment in listed securities and index futures in Hong Kong and overseas of approximately HK$151.3 million (as at 31 December 2018: approximately HK$170.5 million). Securities investment forms part of our Group's cash management activities aiming proper diversification to avoid the fluctuation of any single market.

Development Prospects

The intensive and uncertain situation brought by the international macro environment reminds us to maintain a high degree of prudence on our invested projects, and potential opportunities in the future. For internal strategies, we will continue to improve our operational efficiency and internal risk control system. For external strategies, we will keep going on to strengthen our market knowledge, network and human relationship, to better equip ourselves and timely seize any investment opportunities in a rapidly changing market environment.

The U.S. market will still be our key development market. Leveraging on the strategic partnerships with GR Realty and constantly fine-tuned strategy, we will continue to be rooted in the U.S. property market. In addition to the U.S. market, we will also seek out for steady and potential opportunities in the global core markets, including but not limited to China Greater Bay Area, and take timely action when investment opportunities arise for improving our shareholders' returns in the foreseeable future.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Sales proceeds from disposal of financial instruments held for trading		**359,874**	407,876
Revenue	*5*	**60,448**	92,214
Other income		**17,274**	19,857
Employee costs		**(12,360)**	(14,648)
Depreciation		**(967)**	(937)
Other expenses		**(47,656)**	(34,384)
Loss arising from changes in fair value of financial instruments held for trading		**(4,458)**	(24,232)
(Loss)/gain arising from changes in fair value of financial assets at fair value through profit or loss		**(70,355)**	3,980
Gain on the bargaining purchase		**—**	9,516
Gain arising from changes in fair value of investment properties		**16,319**	22,725
Share of results of joint ventures	*9*	**(46,183)**	(28,143)
Provision for impairment loss on financial assets		**(54,501)**	(620)
Finance costs		**(14,950)**	(14,251)
(Loss)/profit before income tax		**(157,389)**	31,077
Income tax	*6*	**(5,062)**	(6,727)
(Loss)/profit for the period		**(162,451)**	24,350
(Loss)/profit for the period attributable to:			
Owners of the Company		**(181,747)**	15,874
Non-controlling interests		**19,296**	8,476
		(162,451)	24,350
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company	*7*		
— Basic (HK dollar)		**(0.40)**	0.04
— Diluted (HK dollar)		**N/A**	0.02

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(162,451)**	24,350
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(3,635)**	3,713
Share of other comprehensive income of joint ventures	**(30,705)**	—
Item that will not be reclassified to profit or loss		
Gain on revaluation of properties	**20,256**	—
Other comprehensive income for the period	**(14,084)**	3,713
Total comprehensive income for the period	**(176,535)**	28,063
Total comprehensive income attributable to:		
Owners of the Company	**(195,831)**	19,587
Non-controlling interests	**19,296**	8,476
	(176,535)	28,063

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Non-current assets			
Investment properties		**1,557,119**	1,469,245
Property, plant and equipment		**3,024**	56,233
Interests in joint ventures	*9*	**785,709**	858,618
Financial assets at fair value through profit or loss	*10*	**2,129,309**	2,199,672
Loan receivables		**358,538**	413,940
Restricted bank deposits		**4,798**	40,833
Deferred tax assets		**315**	315
		4,838,812	5,038,856
Current assets			
Deposits, prepayments and other receivables		**47,422**	34,645
Properties under development		**552,162**	479,538
Loan receivables		**20,538**	20,585
Financial instruments held for trading		**155,971**	170,884
Restricted bank deposits		**7,186**	8,387
Bank balances and cash		**1,060,797**	816,569
		1,844,076	1,530,608
Current liabilities			
Other payables and accrued charges		**56,663**	87,894
Financial instruments held for trading		**4,699**	401
Amount due to an intermediate holding company		**454,949**	226,954
Taxation payable		**2,447**	1,507
Borrowings	*11*	**963**	87
		519,721	316,843
Net current assets		**1,324,355**	1,213,765
Total assets less current liabilities		**6,163,167**	6,252,621

	Note	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Capital and reserves			
Share capital		**185,453**	185,453
Reserves		**5,147,750**	5,343,581
Equity attributable to owners of the Company		**5,333,203**	5,529,034
Non-controlling interests		**286,679**	276,831
Total equity		**5,619,882**	5,805,865
Non-current Liabilities			
Borrowings	*11*	**518,518**	425,533
Deferred tax liabilities		**24,767**	21,223
		543,285	446,756
Total equity and non-current liabilities		**6,163,167**	6,252,621

NOTES

1. GENERAL INFORMATION

The unaudited condensed consolidated financial statements of Gemini Investments (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2019 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2018 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2019 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies in Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

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

These condensed consolidated interim financial statements were authorised for issued on 31 July 2019.

2. BASIS OF PREPARATION

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

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the recognition of right-of-use assets and lease liabilities upon adoption of HKFRS 16 as set out in Note 4 to the Interim Financial Statements.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars, unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2018 consolidated financial statements.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

3. PRINCIPAL ACCOUNTING POLICIES

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

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2018 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019.

In the current period, the Group has applied for the first time the following new or revised HKFRSs that are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2019.

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment features with negative compensation
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
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

Save as disclosed in the changes in accounting policies for HKFRS 16 in Note 4, the adoption of the above new or revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 3	Definition of a business[3]

[1] Effective for annual periods beginning on or after 1 January 2021.

[2] 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 of the amendments continue to be permitted.

[3] Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted HKFRS 16 *Leases* from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated, i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC)-Int 4 *Determining Whether an Arrangement contains a Lease* ("HK(IFRIC) 4"). The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(b) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some short-term leases (i.e. where the lease term is 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets in "Property, plant and equipment", the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below.

	Property, plant and equipment		
	Land and buildings	**Furniture, fixtures and equipment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 January 2019	1,072	293	1,365
Balance at 30 June 2019	1,090	242	1,332

The Group presents lease liabilities in "Borrowings" in the consolidated statement of financial position.

(i) Significant accounting policies

The Group recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. Such right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(ii) Transition

Previously, the Group classified property leases as operating leases under HKAS 17. The leases typically run for a period of 1 or 2 years.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, if any.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

— Use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

— Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term; and

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

The Group leases a number of items of office equipment. These leases were classified as finance leases under HKAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under HKAS 17 immediately before that date.

(c) As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor.

(d) Impact on financial statements

(i) Impacts on transition

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019
	HK$'000
Right-of-use assets presented in "Property, plant and equipment"	1,365
Lease liabilities presented in "Borrowings"	1,365

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5.2%.

	1 January 2019
	HK$'000
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	5,106
Discounted using the incremental borrowing rate at 1 January 2019	4,204
Obligations under finance lease recognised as at 31 December 2018	293
Recognition exemption for leases with less than 12 months of lease term at transition	(3,132)
Lease liabilities recognised at 1 January 2019	1,365

(ii) Impacts for the period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised right-of-use assets of HK$1,332,000 and lease liabilities of HK$1,335,000 as at 30 June 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised depreciation charges of HK$471,000 and interest costs of HK$375,000 from these leases.

5. SEGMENT INFORMATION

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

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

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

2. Property investment and development — rental income from leasing of office properties and residential condominium as well as property development.

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

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

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

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

Six months ended 30 June 2019

	Investment in fund platform *HK$'000* (Unaudited)	Property investment and development *HK$'000* (Unaudited)	Fund investments *HK$'000* (Unaudited)	Securities and other investments *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue (external)	42,201	17,536	—	360,585	—	420,322
Less: Sales proceeds from disposal of financial instruments held for trading	—	—	—	(359,874)	—	(359,874)
Inter-segment sales	—	—	—	2,082	(2,082)	—
Revenue as presented in the condensed consolidated income statement	42,201	17,536	—	2,793	(2,082)	60,448
Segment results	(55,511)	20,504	(70,290)	(6,036)		(111,333)
Interest income from bank deposits						4,152
Depreciation of property, plant and equipment (excluding right-of-use assets)						(496)
Depreciation of right-of-use assets						(471)
Finance costs						(14,950)
Rental payments in respect of properties under operating leases						(2,725)
Unallocated corporate expenses						(31,566)
Loss before income tax						(157,389)

Six months ended 30 June 2018

	Investment in fund platform *HK$'000* (Unaudited)	Property investment and development *HK$'000* (Unaudited)	Fund investments *HK$'000* (Unaudited)	Securities and other investments *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue (external)	25,367	18,197	37,690	418,836	—	500,090
Less: Sales proceeds from disposal of financial instruments held for trading	—	—	—	(407,876)	—	(407,876)
Inter-segment sales	—	—	—	2,280	(2,280)	—
Revenue as presented in the condensed consolidated income statement	25,367	18,197	37,690	13,240	(2,280)	92,214
Segment results	5,355	32,550	41,178	(11,521)		67,562
Interest income from bank deposits						4,373
Depreciation of property, plant and equipment						(937)
Finance costs						(14,251)
Rental payments in respect of properties under operating leases						(2,749)
Unallocated corporate expenses						(22,921)
Profit before income tax						31,077

Except for the inclusion of sales proceeds from disposal of financial instruments held for trading in the segment revenue of securities and other investments reported to the chief operating decision makers, the accounting policies of the Group's operating segments under HKFRS 8 are the same as the Group's accounting policies.

Segment results represent the profit or loss by each segment without allocation of interest income from bank deposits, depreciation of property, plant and equipment (excluding right-of-use assets), depreciation of right-of-use assets, finance costs, rental payments in respect of properties under operating leases and unallocated corporate expenses (including central administration costs, share-based compensation and directors' remuneration). This is the measure reported to the chief operating decision makers, the executive directors, for the purposes of resource allocation and performance assessment.

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

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Assets		
Segment assets		
— Investment in fund platform	**2,018,002**	2,158,932
— Property investment and development	**1,470,225**	1,294,278
— Fund investments	**2,124,032**	2,194,105
— Securities and other investments	**813,023**	811,842
Unallocated assets	**257,606**	110,307
Consolidated total assets	**6,682,888**	6,569,464
Liabilities		
Segment liabilities		
— Investment in fund platform	**456,477**	487,791
— Property investment and development	**13,141**	13,185
— Fund investments	**268**	158
— Securities and other investments	**4,890**	498
Unallocated liabilities	**588,230**	261,967
Consolidated total liabilities	**1,063,006**	763,599

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

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

6. INCOME TAX

The taxation attributable to the Group's operation comprises:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax		
— Over provision in prior period	**—**	(24)
Overseas taxation		
— Provision for the period	**1,474**	3,160
	1,474	3,136
Deferred taxation	**3,588**	3,591
	5,062	6,727

No Hong Kong profits tax was provided for six months ended 30 June 2019 as the Group has no estimated assessable profit (six months ended 30 June 2018: Nil).

All of the Group's PRC subsidiaries are subject to PRC Enterprise Income Tax rate at 25% (six months ended 30 June 2018: 25%). No PRC Enterprise Income Tax was provided for the six months ended 30 June 2019 and 2018 as there was no assessable income for the period.

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

7. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK$181,747,000 (six months ended 30 June 2018: profit of HK$15,874,000) and on the weighted average number of 451,390,000 ordinary shares (six months ended 30 June 2018: 451,082,000 ordinary shares) in issue during the period.

(b) Diluted (loss)/earnings per share

No adjustment has been made to basic loss per share amount presented for the six months ended 30 June 2019 in respect of a dilution as the impact of share option and convertible preference shares outstanding had an anti-dilutive effect on the basic loss per share amount presented.

For the six months ended 30 June 2018, the calculation of the diluted earnings per share amounts is based on the profit attributable to owners of the Company, adjusted to reflect the gain arising from change in fair value of convertible preference shares, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of diluted earnings per share are based on:

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

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

8. INTERIM DIVIDEND

The directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2018: Nil).

9. INTERESTS IN JOINT VENTURES

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Share of net assets other than goodwill	**750,167**	822,996
Goodwill	**35,542**	35,622
At the end of the period/year	**785,709**	858,618

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
At the beginning of the period/year	**858,618**	966,981
Dividend distribution	—	(153,826)
Share of post-acquisition loss	**(46,183)**	(2,808)
Share of other comprehensive income *(Note (c))*	**(30,705)**	—
Income tax paid	**3,957**	48,391
Exchange difference	**22**	(120)
At the end of the period/year	**785,709**	858,618

As at 30 June 2019 and 31 December 2018, the Group has interests in the following significant joint ventures:

Name of joint venture	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Percentage of ownership interests/ voting rights/ profit share		Principal activities
					30 June 2019	31 December 2018	
Gemini-Rosemont Realty LLC	Limited liability company	The United States ("The US")	The US	Class A membership interests*	**45%**	45%	Property investment & management
Rosemont WTC Denver GPM LLC	Limited liability company	The US	The US	Membership interests#	**100%**	100%	Property investment & management
Rosemont Diversified Portfolio II LP	Limited Partnership	The US	The US	Limited partnership interests#	**37.19%**	37.19%	Property investment & management

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

On 21 August 2015, the Group acquired the entire membership interest of Denver GPM LLC from Rosemont at a consideration of US$5,500,000 together with additional contribution of US$9,500,000. On the same date, the Group also subscribed approximately 37.19% limited partnership interest in Portfolio II LP at a consideration of US$34,388,000 (equivalent to approximately HK$266,661,000). The Transactions were completed on 22 August 2015 and the Group has no outstanding commitment at the end of the reporting period.

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

For the six months ended 30 June 2019, the Group shared the post-acquisition loss of Gemini-Rosemont, Denver GPM LLC and Portfolio II LP amounted to US$3,242,000, US$1,918,000 and US$744,000 respectively (equivalent to approximately HK$25,362,000, HK$15,004,000 and HK$5,817,000 respectively) (six months ended 30 June 2018: US$2,354,000, US$1,048,000 and US$191,000 respectively (equivalent to approximately HK$18,434,000, HK$8,209,000 and HK$1,500,000 respectively)).

For the six months ended 30 June 2018, the Group received dividend distribution from Portfolio II LP amounted to US$685,000 (equivalent to approximately HK$5,378,000). There was no dividend distribution received/receivable during the six months ended 30 June 2019.

For the six months ended 30 June 2019, the Group paid income tax of US$4,100 (equivalent to approximately HK$32,000) (six months ended 30 June 2018: received income tax refund of US$52,700 (equivalent to approximately HK$409,000)) and paid income tax of US$500,000 (equivalent to approximately HK$3,925,000) (six months ended 30 June 2018: US$2,201,000 (equivalent to approximately HK$17,207,000)) in respect of its direct tax obligation in Gemini-Rosemont and Portfolio II LP respectively.

(c) It represents the Group's share of the other comprehensive income of Gemini-Rosemont in relation to the interest rate swap transaction for cash flow hedging. The share of the other comprehensive income was recognised as "Hedging reserve" included in "Reserves" and as presented in condensed consolidated statement of changes in equity for the six months ended 30 June 2019.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unlisted equity investments *(Note (a))*	**2,296**	2,211
Club debenture *(Note (b))*	**5,428**	5,700
Unlisted fund investments *(Note (c))*	**2,121,585**	2,191,761
	2,129,309	2,199,672

Notes:

(a) As at 30 June 2019, the fair value of the Group's investment in unlisted equity securities issued by a private equity incorporated outside Hong Kong was approximately US$284,000 and RMB67,000 (equivalent to approximately HK$2,296,000 in aggregate) (31 December 2018: US$270,000 and RMB85,000 (equivalent to approximately HK$2,211,000 in aggregate).

As at 30 June 2019 and 31 December 2018, the fair value measurement of the financial assets at fair value through profit or loss mentioned above was categorised within level 3 of the fair value hierarchy.

(b) At the end of the reporting period, the fair value of the club debentures held by the Group was approximately HK$5,428,000 (31 December 2018: HK$5,700,000).

As at 30 June 2019 and 31 December 2018, the fair value measurement of the financial assets at fair value through profit or loss as mentioned above was categorised within level 3 of the fair value hierarchy.

(c)(i) At the end of the reporting period, the Group held approximately 341,000 (31 December 2018: 341,000) participating redeemable preference shares ("Participating Shares") in an investment entity incorporated outside Hong Kong for diversifying the Group's securities investment risk and further enhance the rate of return of the Group's core business of securities investment. The fair value of the Participating Shares held by the Group as at 30 June 2019 was approximately HK$129,043,000 (31 December 2018: HK$126,359,000).

(c)(ii) At the end of the reporting period, the Group held approximately 141,000 (31 December 2018: 141,000) participating redeemable preference shares in a sub-fund of an investment entity incorporated in the Cayman Islands (the "Sub-Fund A"). The Sub-Fund A is focus on, but not limited to, Asia (excluding Japan) equity to generate positive returns in all market conditions. The fair value of participating redeemable preference shares of the Sub-Fund A held by the Group as at 30 June 2019 was approximately HK$147,773,000 (31 December 2018: HK$146,907,000).

(c)(iii) At the end of the reporting period, the Group also held approximately 110,000 (31 December 2018: 110,000) participating redeemable preference shares in another sub-fund of the above mentioned investment entity (the "Sub-Fund B"). The Sub-Fund B invested the collected funds to generate positive returns in all market conditions by employing multi-strategy investment approach, to invest on, but not limited to, Asia Pacific equity by employing bottom-up approach and to invest in both long and short term of different asset classes. The fair value of participating redeemable preference shares of the Sub-Fund B held by the Group as at 30 June 2019 was approximately HK$123,782,000 (31 December 2018: HK$128,379,000).

As at 30 June 2019 and 31 December 2018, the fair value measurement of the financial assets at fair value through profit or loss mentioned in Notes (c)(i), (ii) & (iii) above was categorised within level 2 of the fair value hierarchy.

(c)(iv) At the end of the reporting period, the Group held approximately 1,012,000 (31 December 2018: 1,012,000) non-redeemable, non-voting participating shares of the Property Fund, which incorporated in Cayman Islands and approximately 637,000 (31 December 2018: 637,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the "Private Equity Fund"). The fair value of the investments in the Property Fund and the Private Equity Fund as at 30 June 2019 are approximately HK$730,613,000 (31 December 2018: HK$799,680,000) and approximately HK$549,228,000 (31 December 2018: HK$541,892,000) respectively.

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

(c)(v) On 3 November 2015, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement with Prosperity Risk Balanced Fund LP ("PRB Fund"), pursuant to which the Group agreed to contribute commitments for a total amount of approximately US$60,000,000 (equivalent to approximately HK$465,000,000) as a limited partner to PRB Fund. The amount of the Group's commitments represents 7.5% of the total commitments of approximately US$800,000,000 (equivalent to approximately HK$6,200,000,000). As at 30 June 2019, the fair value of the investments in PRB Fund is approximately HK$441,146,000 (31 December 2018: HK$448,544,000).

The investment objective of the PRB Fund is to invest in debt instruments of special purpose vehicles which in turn hold shares in PRC companies established for the purpose of developing real estates in the PRC with an expected return of not less than 6% per annum on the debt instruments.

At 30 June 2019, the Group has no outstanding commitments to make capital contribution (31 December 2018: Nil).

As at 30 June 2019 and 31 December 2018, the fair value measurement of the financial assets at fair value through profit or loss as mentioned in Notes (c)(iv)&(v) above was categorised within level 3 of the fair value hierarchy.

11. BORROWINGS

The maturity profile of the borrowings is as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current:		
Lease liabilities	**963**	—
Obligation under finance lease	**—**	87
	963	87
Non-current:		
Lease liabilities	**372**	—
Obligation under finance lease	**—**	206
Bank loans		
— guaranteed and repayable after 1 year but within 2 years *(Note (a))*	**93,782**	—
— secured and repayable after 5 years *(Note (b))*	**424,364**	425,327
	518,518	425,533
	519,481	425,620

Notes:

(a) As at 30 June 2019, a bank borrowing amounted to US$12,000,000 (equivalent to approximately HK$93,782,000) (31 December 2018: Nil) will be wholly repayable on 18 October 2020. A corporate guarantee is provided by its ultimate parent, Sino-Ocean Group Holding Limited for the bank borrowing. The bank borrowing is interest-bearing at adjusted LIBOR plus applicable margin. The average interest rate as at 30 June 2019 is 5.15% per annum.

(b) As at 30 June 2019, a bank borrowing amounted to US$54,300,000 (equivalent to approximately HK$424,364,000) (31 December 2018: US$54,300,000 (equivalent to approximately HK$425,327,000)) will be wholly repayable on 1 January 2028 and interest bearing at fixed rate of 3.72% per annum. The borrowing is a mortgage loan for the investment property in the US. A corporate guarantee was provided by Gemini-Rosemont for the bank borrowing. The borrowing is secured by the Group's investment properties at fair value of HK$719,778,000 (31 December 2018: HK$719,061,000) and restricted bank deposits amounted to HK$11,984,000 (31 December 2018: HK$16,055,000) as at 30 June 2019.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is published on the websites of the Company (www.geminiinvestments.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

CORPORATE GOVERNANCE

During the 2019 Interim Period, the Company has complied with the applicable code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as and when they were/are in force, except for Code Provision E.1.2 which requires chairman of the Board to attend the annual general meeting of the Company.

Due to other pre-arranged business commitments which had to be attended, Mr. LI Ming (the honorary chairman of the Board and non-executive Director) was unable to attend the annual general meeting of the Company held on 15 April 2019.

REVIEW BY AUDITOR AND AUDIT COMMITTEE

At the request of the audit committee of the Company (the "Audit Committee"), the auditor of the Company has carried out a review of the unaudited interim financial information of the Group for the 2019 Interim Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial information of the Group for the 2019 Interim Period.

CODES FOR SECURITIES TRANSACTION BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as its code of conduct regarding securities transactions by the Directors. All Directors, following specific enquiries made by the Company, have confirmed that they have complied with the required standard as set out in the Model Code during the 2019 Interim Period.

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

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 2019 Interim Period.

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

Hong Kong, 31 July 2019

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
Mr. LAI Kwok Hung, Alex	Mr. LI Hongbo	Mr. LO Woon Bor, Henry
	Mr. TANG Runjiang	Ms. CHEN Yingshun