



Gemini Investments (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 174

盛洋投资



2023

INTERIM REPORT

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Financial Highlights

(HK\$'000)	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Revenue	511,617	491,382
Loss before income tax	(395,423)	(115,113)
Loss for the period	(411,487)	(138,689)
Loss attributable to owners of the Company	(379,245)	(146,986)
Loss per share — basic (HK dollar)	(0.60)	(0.23)
Loss per share — diluted (HK dollar)	(0.60)	(0.23)

(HK\$'000)	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
Total assets	11,998,750	13,313,358
Equity attributable to owners of the Company	4,746,023	5,107,672
Cash and cash equivalents	433,789	790,673

Chairman's Statement

On behalf of the board of directors of Gemini Investments (Holdings) Limited (the "**Company**") (the "**Directors**" or the "**Board**"), I am pleased to present the results of the Company and its subsidiaries (together referred to as "**our Group**", the "**Group**" or "**We**"/"**we**") for the six months ended 30 June 2023 (the "**2023 Interim Period**").

FINANCIAL RESULTS

During the 2023 Interim Period, the Group recorded a revenue of HK\$512 million (for the six months ended 30 June 2022 (the "**2022 Interim Period**"): HK\$491 million), and a loss attributable to owners of the Company of HK\$379 million (2022 Interim Period: a loss attributable to owners of the Company of HK\$147 million). As the global economy suffered from the continuous impact after the pandemic and the recovery of global economy was hindered by multiple interest rate hikes of major central banks, the capital market continued to fluctuate volatily during the 2023 Interim Period with a decline in asset prices. The fair value of our properties recorded a decrease of approximately 5% (about HK\$387 million). Details of our financial results are described in the section headed "Management Discussion & Analysis".

The Board does not recommend the payment of any interim dividend on the ordinary shares of the Company for the 2023 Interim Period.

BUSINESS REVIEW AND PROSPECTS

During the 2023 Interim Period, the Group continued to focus on its property investment and property development business in the United States (the "**U.S.**").

Since the outbreak of the COVID-19 pandemic in the past few years, the Group has been reviewing and adjusting its investment and operation strategies in advance, and managed the real estate business in the U.S. (which is the principal business of the Group) through Gemini-Rosemont Realty LLC ("**GR Realty**"), our U.S.-based property fund management platform.

During the 2023 Interim Period, the Group continued to consolidate the operations of its office buildings, keeping rental income and ancillary service income from these properties at a stable level. During the 2023 Interim Period, leveraging on the market and exit conditions, the Group completed the disposal of 2 office building properties located in the Central U.S..

Besides, the Group continued to push through the sales for its residential development project located at Avenue of the Americas, Manhattan, New York City, the U.S., and recorded a total sales revenue of HK\$53 million during the 2023 Interim Period. Meanwhile, another residential development project (North First Street) located in New York City, the U.S. proceeded smoothly to the last phase of development.

Chairman's Statement

Stepping into 2023, the global economy is moving away from the cloudy economic environment brought by various disturbing factors such as the impact of the pandemic, Russia-Ukraine war and supply chain disruption, and is entering into a recovery stage. Among the advanced economies in the world, the economic growth of the U.S. is estimated to be 1.6% this year, with an estimated further decrease to 1.1% next year. The market continues to focus on whether the U.S. economy will slide into recession or achieve soft landing. The U.S. federal funds rate remains at its highest level in 16 years. The market generally expects that the U.S. Federal Reserve may raise interest rates further by the end of 2023. In terms of the housing market, the U.S. Federal Reserve's policy of raising interest rates has led to the mortgage interest rates in the U.S. increased to more than 7% for the first time in the past 20 years. It is expected that the U.S. real estate market will keep slowing down, while real estate financing will remain in a difficult situation.

Looking ahead to the second half of this year, the Company will continue to closely monitor the pulse of the global economy and the dynamic development of the real estate market, like the pace of interest rate hikes by the Federal Reserve, the economic data of the U.S., etc. Meanwhile, the Company will remain continuously optimistic and implement its current operation strategy for the overall interests of shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders, business partners and bank enterprises for their trust and unwavering support over the years and to my fellow Board members, the management and staff for their commitment and dedication to the Group.

SUM Pui Ying

Chairman

Hong Kong, 11 August 2023

Management Discussion & Analysis

During the 2023 Interim Period, the Group continued to focus on business related to commercial and residential real estate with a geographical presence mainly in the U.S. and Hong Kong.

OPERATION REVIEW

Overview

The Group mainly engages in property investments in the U.S. and Hong Kong, property developments in the U.S. and other operations (including fund investments and securities investments). Investment properties in the U.S. (including those classified as held for sale) and in Hong Kong accounted for 65% and 3% of our total assets as at 30 June 2023 respectively, and properties held for sale and properties under development in the U.S. accounted for 9% and 4% of our total assets as at 30 June 2023 respectively. All our property investments and property developments in the U.S. are managed by GR Realty's team.

In addition to receiving a steady and reliable income and cash flow and possible capital gains from appreciation in value of assets, we also receive possible fee income and carried interest through GR Realty acting as the general partner of the property funds it manages. GR Realty has been providing tailored real estate solutions for investors and tenants for three decades. It is a fully integrated real estate platform, investing in quality property projects and managing property funds as general partners in specific target markets in the U.S..

Property Investments in the U.S. (managed by GR Realty)

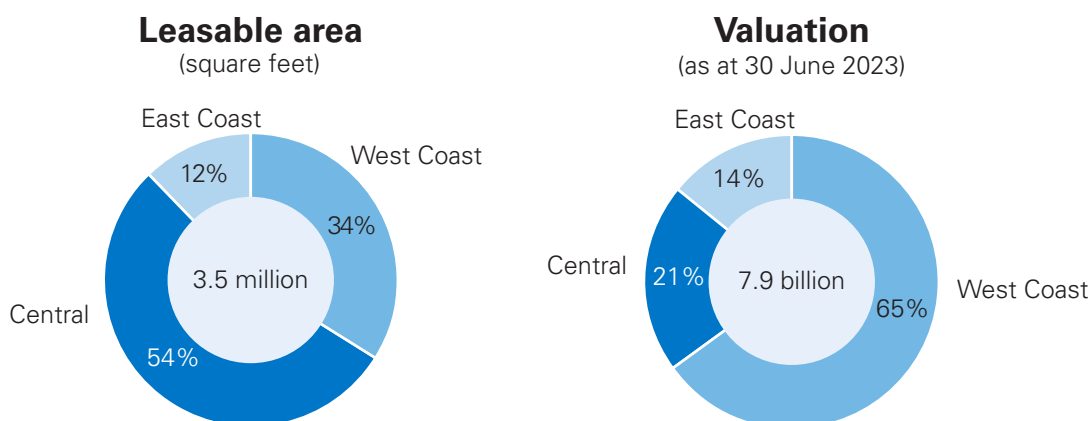
As at 30 June 2023, our balanced property portfolio comprised 12 commercial properties in West Coast, Central and East Coast of the U.S. (where local key industry players are our key tenants), and several units in three residential buildings in New York City. GR Realty managed all our property investments in the U.S., with the focus on top-performing, high growth technology, creative, and new economy-centric sub-markets and tenants (mostly in West Coast and East Coast of the U.S.), while gradually realising investments at appropriate times according to disposition plans with an aim to maximize the property value.

As at 30 June 2023, the carrying value of our investment properties (including those classified as assets classified as held for sale) in the U.S. was HK\$7,872 million (as at 31 December 2022: HK\$8,141 million). Total revenue generated from investment properties in the U.S. was HK\$444 million (2022 Interim Period: HK\$486 million). Decreases in both the carrying value and revenue were mainly as a result of successful disposal of 2 investment properties during the 2023 Interim Period (2022 Interim Period: 5 investment properties disposed of), which brought a gain on disposal of HK\$4 million (2022 Interim Period: a gain on disposal of HK\$31 million), with net proceeds reserved for general working capital and future sound investments. There was no acquisition of investment properties during the 2023 Interim Period and the 2022 Interim Period.

Management Discussion & Analysis

At at 30 June 2023, the total leasable area of our investment properties in the U.S. was 3,467,000 square feet (as at 31 December 2022: 3,712,000 square feet), with an average occupancy rate of 74%.

An analysis of investment properties (including assets classified as held for sale) in the U.S. by geographical locations is set out below:



We will continue to optimize our asset mix of the U.S. properties according to acquisition and disposition criteria and stay cautiously optimistic and closely monitor how tenants and corporations move forward to their real estate needs with an aim to maximize assets valuation.

Property Developments in the U.S. (managed by GR Realty)

The Group's property development projects comprise residential redevelopments located at (i) Avenue of the Americas, Manhattan, New York City, (ii) North First Street, Brooklyn, New York City and (iii) Second Avenue, Manhattan, New York City.

The redevelopment project located at Avenue of the Americas comprises a 13-storey residential building (with retail space on the ground) with a gross floor area of 82,000 square feet. It is positioned with unique project types including duplex units which are in scarcity in Manhattan. This project has been completed by the end of 2022. Units under this redevelopment project are now available for sale and rent. During the 2023 Interim Period, revenue generated from sale of residential units was HK\$53 million (2022 Interim Period: nil) and revenue generated from rent of residential units was HK\$4 million (2022 Interim Period: nil).

The North First Street project is in development stage, and expected to be developed into a residential building together with auxiliary car parking facilities and other amenities. The estimated gross floor area is 78,000 square feet, and completion is expected in the second half of 2023. The Second Avenue project was planned to be developed into a residential building with splendid amenities and estimated gross floor area of 137,000 square feet, and had completed its demolition stage. However, in view of the project complexity, management is now planning a sale of the whole project and thus as at 30 June 2023, this project was reclassified to properties held for sale with a write down to its net realisable value by HK\$134 million.

Management Discussion & Analysis

We will closely monitor the progress of our property development projects and continue to implement our plans to provide quality residential property development products.

Investment Properties in Hong Kong

Investment properties in Hong Kong mainly comprise A-grade offices units in two buildings in Hong Kong Island. The total carrying value of our investment properties in Hong Kong was HK\$408 million (as at 31 December 2022: HK\$406 million), representing 3% of our total assets as at 30 June 2023 (as at 31 December 2022: 3%). During the 2023 Interim Period, rental revenue from investment properties in Hong Kong was HK\$4 million (2022 Interim Period: HK\$5 million), and average occupancy rate was 82%.

Other Operations

Other operations mainly include fund investments and securities investments. As at 30 June 2023, the balance of our securities investment was nil (as at 31 December 2022: HK\$118 million). Securities investments generated fair value gain of HK\$12 million for the 2023 Interim Period (2022 Interim Period: a loss of HK\$42 million). The Group had completely realized its portfolio of securities investments during the 2023 Interim Period as risk mitigation measures given volatile market conditions amid uncertain global economy.

As at 30 June 2023, the carrying amount of our fund investment portfolio (classified as “financial assets at fair value through profit or loss”) was HK\$523 million (as at 31 December 2022: HK\$539 million), with aggregate gain on change of fair value of HK\$4 million recorded during the 2023 Interim Period (2022 Interim Period: loss of HK\$141 million).

In May 2023, Prosperity Risk Balanced Fund LP (“**PRB Fund**”) made a partial distribution, mainly in specie, to the Group as its limited partner (the “**Distribution**”). The Distribution to the Group mainly includes the entire equity interest in an investment vehicle 100% owned by the PRB Fund. After the Distribution, the investment vehicle had become a subsidiary of the Company. The major asset and investment of the investment vehicle comprised fund investments which were recorded and classified as financial assets of the Group at fair value through profit or loss. Other than re-classification of assets in the financial statements of the Group, there was no material financial impact to the Group and its results during the 2023 Interim Period resulting from the Distribution.

Management Discussion & Analysis

FINANCIAL REVIEW

Revenue

The components of our revenue are analysed as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Rental income	350,662	395,209
Ancillary service income to property leasing and management service income	107,420	95,523
Sales of properties	53,276	–
Others	259	650
	511,617	491,382

Due to the disposal of 2 of our 14 commercial properties in the U.S., the rental income decreased by HK\$45 million to HK\$351 million. Ancillary service income to property leasing and management service income of HK\$107 million was recorded, which mainly comprised income for services provided to tenants of HK\$71 million and parking lot income of HK\$21 million.

Sale of residential units in the redevelopment project located at Avenue of the Americas (which was completed at the end of 2022) generated revenue of HK\$53 million. Details of this redevelopment project are described in the section headed “Property Developments in the U.S. (managed by GR Realty)” under Management Discussion & Analysis.

Operating expenses

The components of our operating expenses are analysed as follows:

	Six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
Repairs, maintenance and utilities	83,724	97,964
Property insurance and management expense	26,644	29,890
Real estate taxes	70,865	104,706
Cost of properties sold	48,489	–
Write down of properties held for sale to net realisable value	133,730	–
Others	4,997	1,514
	368,449	234,074

Management Discussion & Analysis

Due to the disposal of 2 of our 14 commercial properties in the U.S., there were decreases in repairs, maintenance and utilities by HK\$14 million and real estate taxes by HK\$34 million.

Cost of properties sold of HK\$48 million was recorded in 2023 Interim Period. Such properties sold related to the units of the redevelopment project located at Avenue of the Americas.

The redevelopment project located at Second Avenue was written down to its net realisable value by HK\$134 million upon being reclassified to properties held for sale. Details of this redevelopment project and the reason for its reclassification are described in the section headed “Property Developments in the U.S. (managed by GR Realty)” under Management Discussion & Analysis.

Loss arising from changes in fair value of investment properties and changes in fair value of assets classified as held for sale

Loss arising from changes in fair value of investment properties and changes in fair value of assets classified as held for sale of the Group of HK\$348 million and HK\$39 million were recorded respectively during the 2023 Interim Period (2022 Interim Period: profit of HK\$4 million and nil respectively).

Due to slowdown of property markets in the U.S. and Hong Kong brought by multiple factors like continuing interest rate hikes during the first half of 2023 and weakening economic growth, fair value of our investment properties recorded an overall decrease in value by 5%. Certain properties located in Central and East Coast of the U.S., recorded decrease in value by 9% (about HK\$258 million) in aggregate, whilst our other properties in the West Coast of the U.S recorded decrease in value by 3% (about HK\$131 million) in aggregate. Investment properties located in Hong Kong recorded slight increase in value by 1% (about HK\$2 million) in aggregate.

Other income, gains/losses

The components of other income, gains/losses, are analysed as follows:

	Six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
Gain on disposal of investment properties	3,564	31,142
Interest income	3,806	3,153
Others	495	583
	7,865	34,878

During the 2023 Interim period, other income, gains/losses mainly comprises gain of HK\$4 million from the disposal of 2 investment properties located in the U.S..

Management Discussion & Analysis

Administrative and other expenses

The components of our administrative and other expenses are analysed as follows:

	Six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
Employee costs	47,986	42,192
Legal and professional fee	26,220	23,500
Depreciation	8,857	8,294
Insurance expenses	4,210	3,658
Informative service fee	5,412	4,961
Auditors' remuneration	3,497	2,730
Exchange difference	(15,232)	(7,014)
Others	13,868	17,615
	94,818	95,936

Other than the movement on exchange difference of HK\$8 million under strengthened U.S. dollars, there was no material fluctuation on administrative and other expenses as a whole. Employee cost increased slightly as the U.S. labour market was experiencing labor shortages in various industries with increase in new hiring wages.

Finance costs

Finance costs (net of interest capitalisation) of HK\$203 million on our borrowings were recognised during the 2023 Interim Period (2022 Interim Period: HK\$182 million). The increase was due to the effect of interest hike offset by settlement of mortgage loan upon the disposal of investment properties located in the U.S..

Loss attributable to limited partners and puttable instrument holders

Loss attributable to limited partners of HK\$123 million (2022 Interim Period: loss of HK\$57 million) and no gain/loss attributable to puttable instrument holders (2022 Interim Period: gain of HK\$7 million) were recorded. The entities to which losses are attributable mainly include certain limited partner interests associated with those limited partnerships of the property funds managed and controlled by GR Realty. According to the terms of investments, these interests are classified as assets/liabilities under the statutory accounting principles, instead of non-controlling interest in equity. Accordingly, the financial results attributable to limited partners are recorded in the consolidated income statement of the Group. The loss of HK\$123 million attributable to limited partners, mainly arose from the fair value decrease of investment properties mainly located in the East Coast and Central of the U.S.. The Group mainly acts as general partner, with certain limited partner interest in the parent funds of those investment properties.

Management Discussion & Analysis

Financial Resources and Liquidity

As at 30 June 2023, the Group had cash resources totaling HK\$434 million (as at 31 December 2022: HK\$791 million) and committed undrawn borrowing facilities of HK\$368 million. The Group's sources of funding comprise mainly internal funds generated from the Group's business operations and loan facilities provided by banks.

As at 30 June 2023, the borrowings (excluding lease liabilities) of the Group amounted to HK\$4,748 million (as at 31 December 2022: HK\$5,276 million). The Group's borrowings included bank loans and revolving loans and notes payables. The decrease in cash resources and borrowings was mainly due to settlement of mortgage loan upon maturity and disposal of investment properties. As at 30 June 2023, the proportions of short-term borrowings and long-term borrowings of the Group were 16% and 84% respectively. The maturities of the Group's borrowings are set out as follows:

	30 June 2023 (HK\$ million)	As percentage of borrowings	31 December 2022 (HK\$ million)	As percentage of borrowings
Within 1 year	746	16%	1,112	21%
1-2 years	3,005	63%	449	8%
2-5 years	816	17%	3,102	59%
Over 5 years	181	4%	613	12%
	4,748	100%	5,276	100%

The above borrowings are denominated as to 96% in U.S. dollars and 4% in Hong Kong dollars. Considering that the exchange rate of Hong Kong dollars is pegged against the U.S. dollars and that all of the underlying assets financed by U.S. dollar borrowings are located in the U.S. and denominated in U.S. dollars, the Group believes that the corresponding adverse exposure to exchange rate risk arising from the U.S. dollars is not material.

The Group's net gearing ratio (i.e. borrowings less total cash resources divided by total equity) was 72% at 30 June 2023 (31 December 2022: 70%). It is the strategy of GR Realty as a real estate fund platform to leverage investment properties under management with an appropriate level of mortgage loans to achieve higher rate of return. Our management will continue to monitor the Group's capital and debt structure from time to time aiming to control short term debt ratio and mitigate its exposure to the risk of gearing.

Management Discussion & Analysis

Financial Guarantees

As at 30 June 2023, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 30 June 2023, our Group had pledged bank deposits amounting to HK\$46 million (as at 31 December 2022: HK\$41 million), investment properties of HK\$7,241 million (as at 31 December 2022: HK\$7,393 million) and properties under development of nil value (as at 31 December 2022: HK\$421 million), together with the interests of certain subsidiaries of the Group as securities to secure borrowings of our Group of HK\$4,261 million (as at 31 December 2022: HK\$5,260 million).

Significant Investments

As at 30 June 2023, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets as at 30 June 2023.

Contingent Liabilities

As at 30 June 2023, our Group had no significant contingent liabilities.

Capital Commitments

As at 30 June 2023, our Group had capital commitments of HK\$41 million (as at 31 December 2022: HK\$106 million), in respect of the property development projects in the U.S..

Use of Proceeds from Placing Exercises

The Company respectively allotted and issued 90,278,000 new ordinary shares of the Company on 17 April 2020 and 90,278,000 new ordinary shares of the Company on 27 May 2020 at subscription prices of HK\$1.00 and HK\$0.993 respectively (collectively the "**Placing Exercises**"). The Placing Exercises raised net proceeds of HK\$179.2 million. The Placing Exercises were considered as ways to further strengthen our financial position, and also as steps to improve the liquidity of the ordinary shares of the Company on the Hong Kong Stock Exchange as the transaction volume of our ordinary shares was constantly thin.

The Company's utilisation plan of the net proceeds from the Placing Exercises remained unchanged as at 30 June 2023 as compared to that disclosed in the Company's announcements and circular for the Placing Exercises. The Company intended to use around US\$10 million to US\$12 million (equivalent to HK\$77.5 million to HK\$93.0 million), representing 43% to 52% of the aggregate net proceeds from the Placing Exercises, for the investment in a real estate related project in the Metropolitan Area of the State of New York, and the remaining balance of the net proceeds was intended to be used as general working capital of our Group.

Management Discussion & Analysis

As at 30 June 2023, HK\$96 million was utilized for the general working capital in the Group's property development projects in the U.S.. In view of uncertainties in global economy and business outlook currently, the remaining proceeds of HK\$83 million (46% of the aggregate net proceeds from the Placing Exercises) intended for investment in real estate related projects remains not utilized. Our Group has been looking for good investment opportunities under prudence approach. However, amid the current uncertainties of the global economy and business environment and outlook caused by factors such as the continuous negative spillover effect brought by the Russia-Ukraine conflicts as well as the high inflation level in countries like the U.S. and Europe, the Company has been very cautious in identifying suitable investment target which is safe, in line with the Company's strategy and in the interests of the Company and its shareholders as a whole. As such, no suitable investment has yet been made. Subject to the identification of a suitable investment target in the U.S. in the interest of the Company and its shareholders as a whole, after considering the prevailing geopolitical tensions, global supply chain issues and the Fed interest hikes, the Company estimates that the expected timeline for utilizing the net proceeds for the above mentioned real estate investment remains on or before the fourth quarter of 2023 as previously estimated and disclosed in the Company's 2022 annual report. This expected timeline may be subject to further change based on the future development of the market conditions.

EMPLOYEES

As at 30 June 2023, the total number of staff employed (including our GR Realty's team) was 88 (as at 31 December 2022: 91). During the 2023 Interim Period, the level of our overall staff cost was HK\$48 million (2022 Interim Period: HK\$42 million), of which HK\$39 million was contributed by GR Realty (2022 Interim Period: HK\$33 million). The increase in staff cost of GR Realty was due to labour shortages and higher wages in the U.S. labour market.

Our Group recruits and promotes individuals based on their performance and development potentials in the positions offered. When formulating staff salary and benefit policies, our Group gives primary consideration to their individual performance and prevailing salary levels in the respective local markets

Independent Review Report



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TO THE BOARD OF DIRECTORS OF GEMINI INVESTMENTS (HOLDINGS) LIMITED

盛洋投資(控股)有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 56, which comprises the condensed consolidated statement of financial position of Gemini Investments (Holdings) Limited (the “**Company**”) as of 30 June 2023 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

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

SCOPE OF REVIEW

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

Independent Review Report

CONCLUSION

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

BDO Limited

Certified Public Accountants

Lam Pik Wah

Practising Certificate Number P05325

Hong Kong, 11 August 2023

Condensed Consolidated Income Statement

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4,5	511,617	491,382
Direct costs and operating expenses	6	(368,449)	(234,074)
		143,168	257,308
Other income, gains/losses	7	7,865	34,878
Administrative and other expenses	8	(94,818)	(95,936)
Changes in fair value of financial instruments held for trading		12,143	(41,778)
Changes in fair value of financial assets at fair value through profit or loss		3,681	(140,600)
Changes in fair value of investment properties	13	(347,564)	3,728
Changes in fair value of assets classified as held for sale		(39,027)	–
Provision for impairment loss on financial assets		(629)	(611)
Share of results of associates		–	88
Finance costs	9	(202,862)	(182,417)
Loss attributable to limited partners and puttable instrument holders		122,620	50,227
Loss before income tax		(395,423)	(115,113)
Income tax	10	(16,064)	(23,576)
Loss for the period		(411,487)	(138,689)
Loss for the period attributable to:			
Owners of the Company		(379,245)	(146,986)
Non-controlling interests		(32,242)	8,297
		(411,487)	(138,689)
Loss per share for loss attributable to owners of the Company	11		
– Basic (HK dollars)		(0.60)	(0.23)
– Diluted (HK dollars)		(0.60)	(0.23)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(411,487)	(138,689)
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	17,822	6,879
Other comprehensive income for the period	17,822	6,879
Total comprehensive income for the period	(393,665)	(131,810)
Total comprehensive income attributable to:		
Owners of the Company	(361,423)	(140,107)
Non-controlling interests	(32,242)	8,297
	(393,665)	(131,810)

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

		At 30 June 2023	At 31 December 2022
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Investment properties	13	8,000,810	8,194,869
Property, plant and equipment		25,706	26,335
Investments in joint ventures		6,310	8
Investments in associates		6,033	6,501
Financial assets at fair value through profit or loss	14	531,143	546,938
Deposits, prepayments and other receivables	15	73,266	75,949
Other financial assets	21	520,115	695,342
Restricted bank deposits	16	132	2,202
Deferred tax assets		161,743	157,955
		9,325,258	9,706,099
Current assets			
Properties under development	17	478,598	1,024,961
Properties held for sale	17	1,121,820	955,520
Deposits, prepayments and other receivables	15	141,330	214,329
Financial instruments held for trading		–	118,121
Tax recoverables		26,121	26,775
Restricted bank deposits	16	192,187	124,752
Cash and bank balances		433,789	790,673
		2,393,845	3,255,131
Assets classified as held for sale	18	279,647	352,128
		2,673,492	3,607,259
Total assets		11,998,750	13,313,358
Current liabilities			
Other payables and accrued charges		482,533	606,375
Tax payables		4,659	4,984
Borrowings	20	754,986	1,124,427
		1,242,178	1,735,786
Net current assets		1,431,314	1,871,473
Total assets less current liabilities		10,756,572	11,577,572

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

		At 30 June 2023	At 31 December 2022
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Capital and reserves			
Share capital	22	371,191	371,191
Reserves		4,374,832	4,736,481
Equity attributable to owners of the Company		4,746,023	5,107,672
Non-controlling interests		1,234,985	1,320,657
Total equity		5,981,008	6,428,329
Non-current liabilities			
Other payables and accrued charges		32,805	24,610
Amount due to a shareholder	19	423,777	623,988
Borrowings	20	4,006,923	4,172,535
Other financial liabilities	21	202,499	225,196
Deferred tax liabilities		109,560	102,914
		4,775,564	5,149,243
Total equity and non-current liabilities		10,756,572	11,577,572

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

(Unaudited)	Share capital (Note 22)		Convertible preference shares reserve (Note 23)		Perpetual bond (Note 24)		Capital contribution reserve		Revaluation surplus reserve		Translation reserve		Accumulated losses		Attributable to owners of the Company		Non-controlling interests		Total equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2023	371,191	2,260,565	2,259,504	308,190	20,256	27,046	(139,080)	5,107,672	1,320,657	6,428,329										
Loss for the period	-	-	-	-	-	-	(379,245)	(379,245)	(32,242)	(411,487)										
Other comprehensive income	-	-	-	-	-	17,822	-	17,822	-	17,822										
- Exchange difference arising on translation of foreign operations	-	-	-	-	-	17,822	-	17,822	-	17,822										
Total comprehensive income for the period	-	-	-	-	-	17,822	(379,245)	(361,423)	(32,242)	(383,665)										
Distributions paid to the holders of perpetual bond	-	-	-	-	-	-	(226)	(226)	-	(226)										
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	-	(53,430)	(53,430)										
Balance at 30 June 2023	371,191	2,260,565	2,259,504	308,190	20,256	44,868	(518,551)	4,746,023	1,234,985	5,981,008										

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

(Unaudited)	Share capital (Note 22)		Convertible preference shares reserve (Note 23)		Perpetual bond (Note 24)		Capital contribution reserve		Revaluation surplus reserve		Translation reserve		Retained profits		Attributable to owners of the Company		Non-controlling interests		Total equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2022	371,191	2,260,565	2,259,504	308,190	20,256	29,424	156,886	5,406,016	1,901,402	7,307,418										
Loss for the period	-	-	-	-	-	-	(146,986)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange difference arising on translation of foreign operations	-	-	-	-	-	6,879	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	6,879	(146,986)	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions paid to the holders of perpetual bond	-	-	-	-	-	-	(226)	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(34,086)	-	(34,086)
Balance at 30 June 2022	371,191	2,260,565	2,259,504	308,190	20,256	36,303	9,674	5,265,683	1,875,613	7,141,296										

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before income tax	(395,423)	(115,113)
Adjustments for:		
Depreciation	8,857	8,294
Dividend income	(259)	(650)
Changes in fair value of financial instruments held for trading	(12,143)	41,778
Changes in fair value of financial assets at fair value through profit or loss	(3,681)	140,600
Changes in fair value of investment properties	347,564	(3,728)
Changes in fair value of assets classified as held for sale	39,027	–
Gain on disposal of investment properties	(3,564)	(31,142)
Provision for impairment loss on financial assets	629	611
Write down of properties held for sale to net realisable value	133,730	–
Share of results of associates	–	(88)
Finance costs	202,862	182,417
Interest income	(3,806)	(3,153)
Loss attributable to limited partners and puttable instrument holders	(122,620)	(50,227)
Operating profit before working capital changes	191,173	169,599
Decrease/(increase) in deposits, prepayments and other receivables	75,549	(329,520)
Increase in properties under development and properties held for sale	(13,172)	(167,535)
Increase in restricted bank deposits	(65,365)	(7,069)
Decrease in financial instruments held for trading	130,264	154,132
(Decrease)/increase in other payables and accrued charges	(45,027)	15,139
Net cash generated from/(used in) operations	273,422	(165,254)
Dividend income	259	650
Income tax (paid)/refund	(12,735)	8,885
Net cash generated from/(used in) operating activities	260,946	(155,719)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,116)	–
Capital contribution to joint ventures	(6,302)	–
Capital expenditure for investment properties	(35,598)	(51,863)
Proceed from disposal of investment properties	237,155	1,108,030
Redemption of unlisted fund investments received	22,995	247,495
Distribution from investments in associates	502	–
Interest received	3,806	2,196
Net cash generated from investing activities	214,442	1,305,858
Cash flows from financing activities		
New bank borrowings	147,230	466,354
Repayment of bank borrowings	(552,903)	(1,140,977)
Settlement paid to limited partner interests	(12,331)	(61,353)
Repayment of lease liabilities	(7,535)	(9,503)
Interest paid	(153,547)	(101,167)
Repayment of amounts due to shareholders	(203,437)	(311,901)
Distribution paid to non-controlling interests	(53,430)	(34,086)
Distributions paid to the holders of perpetual bond	(226)	(226)
Net cash used in financing activities	(836,179)	(1,192,859)
Net decrease in cash and cash equivalents	(360,791)	(42,720)
Cash and cash equivalents at the beginning of the period	790,673	824,947
Effect of foreign exchange rate changes	3,907	12,672
Cash and cash equivalents at the end of the period	433,789	794,899
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	433,789	794,899

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 2023 (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 (the “**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 2022 that is included in the Interim Financial Statements 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 2022 to the Registrar of Companies in Hong Kong course as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

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

The Interim Financial Statements were approved and authorised for issue on 11 August 2023.

2. BASIS OF PREPARATION

The preparation of the 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 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

2. BASIS OF PREPARATION (Continued)

The Interim Financial Statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. The 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 2022 annual financial statements. The 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 (“HKFRSs”) and should be read in conjunction with the 2022 consolidated financial statements.

The Interim Financial Statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA. BDO Limited’s independent review report to the Board of Directors is included on pages 14 to 15.

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.

The Interim Financial Statements have been prepared with the same accounting policies adopted in the 2022 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 2023.

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 2023.

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The following new or 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.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements ²
Amendments to HKAS 1	Non-current liabilities with Covenants ²
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²

¹ No mandatory effective date yet determined but available for adoption.

² Effective for annual periods beginning on or after 1 January 2024.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. 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 *Operating Segments* are as follows:

- Property investment in the United States of America (the “**U.S.**”)

Rental income, ancillary service income from leasing of office property and residential condominium and management service income which are managed by Gemini-Rosemont Realty LLC (“**GR Realty**”).
- Property development in the U.S.

Income from sale of quality commercial and residential properties in the U.S. which are managed by GR Realty.
- Property investment in Hong Kong

Rental income from leasing of office and residential properties in Hong Kong.
- Fund investments

Investing in various investment funds and generating investment income.
- Securities and other investments

Investing in various securities and generating investment income.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. SEGMENT INFORMATION (Continued)

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

For the six months ended 30 June 2023

	Managed by GR Realty					Consolidated
	Property investment in the U.S.	Property development in the U.S.	Property investment in Hong Kong	Fund Investments	Securities and other investments	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	454,542	53,276	3,540	-	1,686	513,044
Less: Inter-segment sales	-	-	-	-	(1,427)	(1,427)
Revenue as presented in condensed consolidated income statement	454,542	53,276	3,540	-	259	511,617
Segment results	(21,300)	(108,197)	4,911	8,100	13,318	(103,168)
Interest income from bank deposits						3,806
Depreciation						(8,857)
Provision for impairment loss on financial assets						(629)
Finance costs						(202,862)
Unallocated corporate expenses						(83,713)
Loss before income tax						(395,423)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2022

	Managed by GR Realty					Consolidated
	Property investment in the U.S.	Property development in the U.S.	Property investment in Hong Kong	Fund Investments	Securities and other investments	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	486,140	-	4,592	-	2,565	493,297
Less: Inter-segment sales	-	-	-	-	(1,915)	(1,915)
Revenue as presented in condensed consolidated income statement	486,140	-	4,592	-	650	491,382
Segment results	344,270	(573)	(6,197)	(142,186)	(39,230)	156,084
Interest income from bank deposits						2,196
Depreciation						(8,294)
Provision for impairment loss on financial assets						(611)
Finance costs						(182,417)
Unallocated corporate expenses						(82,071)
Loss before income tax						(115,113)

Segment result represents the profit or loss by each segment without allocation of interest income from bank deposits, depreciation, unallocated provision for impairment loss on financial assets, unallocated corporate expenses (including central administration and staff costs and directors' remuneration) and finance costs. This is the measure reported to the chief operating decision makers, the executive directors, for the purposes of resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. SEGMENT INFORMATION (Continued)

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

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Assets		
Segment assets		
– Property investment in the U.S.	9,265,708	9,927,328
– Property development in the U.S.	1,688,639	2,147,883
– Property investment in Hong Kong	408,919	406,789
– Fund investments	522,913	538,612
– Securities and other investments	8,753	190,925
Unallocated assets	103,818	101,821
Consolidated total assets	11,998,750	13,313,358
Liabilities		
Segment liabilities		
– Property investment in the U.S.	5,225,508	5,921,684
– Property development in the U.S.	453,490	636,310
– Property investment in Hong Kong	4,010	4,011
– Fund investments	268	268
– Securities and other investments	190	190
Unallocated liabilities	334,276	322,566
Consolidated total liabilities	6,017,742	6,885,029

Segment assets include all assets are allocated to operating segments other than unallocated property, plant and equipment, deferred tax assets, unallocated deposits, prepayments and other receivables, tax recoverables, unallocated cash and bank balances which are not allocated to a segment.

Segment liabilities included all liabilities are allocated to operating segments other than tax payables, deferred tax liabilities, unallocated lease liabilities and unallocated other payables and accrued charges.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

5. REVENUE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income	350,662	395,209
Dividend income	259	650
Revenue from contracts with customers recognised at a point in time		
– Sale of properties	53,276	–
Revenue from contracts with customers recognised overtime		
– Ancillary service income to property leasing and management service income	107,420	95,523
	511,617	491,382

6. DIRECT COSTS AND OPERATING EXPENSES

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Repairs, maintenance and utilities	83,724	97,964
Property insurance costs	9,329	12,871
Property management expenses	17,315	17,019
Real estate taxes	70,865	104,706
Cost of properties sold	48,489	–
Write down of properties held for sale to net realisable value (Note 17)	133,730	–
Others	4,997	1,514
	368,449	234,074

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

7. OTHER INCOME, GAINS/LOSSES

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	3,806	3,153
Gain on disposal of investment properties	3,564	31,142
Others	495	583
	7,865	34,878

8. ADMINISTRATIVE AND OTHER EXPENSES

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditors' remuneration	3,497	2,730
Depreciation	8,857	8,294
Employee costs	47,986	42,192
Rental expenses on short term leases	510	739
Legal and professional fee	26,220	23,500
Insurances expenses	4,210	3,658
Informative service fee	5,412	4,961
Exchange difference	(15,232)	(7,014)
Others	13,358	16,876
	94,818	95,936

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

9. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	194,997	177,163
Interest expenses on lease liabilities	428	937
Total interest expenses for financial liabilities that are not measured at fair value through profit or loss	195,425	178,100
Amortisation of arrangement fee	7,437	4,317
	202,862	182,417

10. INCOME TAX

The taxation attributable to the Group's operation comprises:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Over provision in respect of prior years	(97)	–
Current tax – Overseas tax		
Provision for the period	12,164	19,306
Under/(over) provision in respect of prior years	997	(304)
	13,161	19,002
Total current tax	13,064	19,002
Deferred tax expenses	3,000	4,574
Income tax	16,064	23,576

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

10. INCOME TAX (Continued)

No Hong Kong profits tax was provided for the six months ended 30 June 2023 and 2022 as the Group has no estimated assessable profit for the period.

Current taxes for subsidiaries outside Hong Kong are charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the adjusted loss for the period attributable to owners of the Company of approximately HK\$379,471,000 (six months ended 30 June 2022: approximately HK\$147,212,000) and on the weighted average number of ordinary shares of 635,570,000 (six months ended 30 June 2022: 635,570,000) in issue during the period.

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company	(379,245)	(146,986)
Less: Distributions paid to the holders of perpetual bond during the period	(226)	(226)
Adjusted loss attributable to owners of the Company	(379,471)	(147,212)

(b) Diluted loss per share

No adjustment was made to basic loss per share amount presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the impact of convertible preference shares outstanding had an anti-dilutive effect on the basic loss per share amount presented.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12. INTERIM DIVIDEND

The board of directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2022: Nil).

13. INVESTMENT PROPERTIES

The Group's investment properties comprise:

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Properties in Hong Kong	408,410	406,280
Properties in the U.S.	7,592,400	7,788,589
	8,000,810	8,194,869

Notes:

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

The revaluation of investment properties during the current period gave rise to a net loss arising from changes in fair value of approximately HK\$347,564,000 (six months ended 30 June 2022: net gain of approximately HK\$3,728,000) which has been recognised in profit or loss. Approximately 74% (31 December 2022: approximately 74%) of the investment properties of the Group were rented out under operating leases as at 30 June 2023.

As at 30 June 2023, investment properties of approximately HK\$7,240,926,000 (31 December 2022: approximately HK\$7,392,670,000) were pledged as collateral for bank borrowings of approximately HK\$4,261,427,000 (31 December 2022: approximately HK\$4,463,079,000) as disclosed in Note 20.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

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

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	8,194,869	8,498,509
Additions through distribution of the funds	–	178,280
Transferred from properties held for sale	273,666	85,225
Capital expenditure	35,598	84,236
Disposal during the period/year	(233,591)	(19,982)
Changes in fair value	(347,564)	(276,086)
Transferred from/(to) assets classified as held for sale	36,351	(352,128)
Exchange realignment	41,481	(3,185)
	8,000,810	8,194,869

- (c) Included in total investment properties are assets in which the Group is a lessee for certain ground leases. These ground leases have been recognised with the corresponding investment properties at fair value and recorded as investment properties.

A reconciliation of the ground leases is as follows:

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	–	807
Changes in fair value	(66)	(126)
Transferred from/(to) assets classified as held for sale	681	(681)
Exchange realignment	4	–
	619	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Other assets (Note (a))	8,310	8,360
Unlisted fund investments (Note (b))	522,833	538,578
	531,143	546,938

The fair value of these investments as at 30 June 2023 and 31 December 2022 were estimated by BMI Appraisals Limited (“**BMI Appraisals**”), details of fair value measurement are set out in Note 28 to the condensed consolidated financial statements.

Notes:

(a) Other assets represented the club debentures. As the end of the reporting period, the fair value of the club debentures held by the Group was HK\$8,310,000 (31 December 2022: HK\$8,360,000).

(b)(i) 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 the PRB Fund.

The investment objective of the PRB Fund is to invest in debt instruments of special purpose vehicles with an expected return of not less than 6% per annum on the debt instruments and to invest in other investment funds.

On 27 April 2023, its directors have resolved to make a partial distribution to its limited partner. As at 30 June 2023, the fair value of the investments in the PRB Fund was approximately HK\$50,126,000 (31 December 2022: approximately HK\$538,578,000).

As at 30 June 2023 and 31 December 2022, the Group has no outstanding commitments to make capital contribution.

(b)(ii) On 27 April 2023, the PRB Fund’s directors have resolved to make a partial distribution to its limited partner. After distribution, the Group indirectly held limited partner interest of an entity (the “**Fund**”) and the investment objective of the Fund is to invest in real estates. As at 30 June 2023, the fair value of the investments in the Fund was approximately HK\$472,707,000 (31 December 2022: Nil).

As at 30 June 2023 and 31 December 2022, the fair value measurement of the other assets as mentioned in Note (a) above and unlisted fund investments as mentioned in Notes (b)(i) and (b)(ii) above were categorised within level 3 of the fair value hierarchy.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Service income receivables (Note (a))	12,756	22,192
Rental receivables	4,254	10,890
Accrued rental income receivables	110,332	103,465
Other receivables (Note (b))	43,675	30,576
Earnest deposits (Note (c))	–	101,362
Prepayments and deposits	43,579	21,793
	214,596	290,278
Classified as		
Current assets	141,330	214,329
Non-current assets	73,266	75,949
	214,596	290,278

Notes:

- (a) The service income receivables are receivables from contracts with customers. Based on invoice date, the whole balances (net of ECLs) as at 30 June 2023 and 31 December 2022 are aged within 0 – 30 days.
- (b) As at 30 June 2023 and 31 December 2022, the other receivables are unsecured, non-interest bearing and repayable on demand.
- (c) As at 31 December 2022, the earnest deposits are unsecured, interest free and refundable on demand. The sole purpose of the earnest deposits is to facilitate the potential acquisition of projects in the U.S.. These deposits were fully refunded during the six months ended 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

16. RESTRICTED BANK DEPOSITS

As at 30 June 2023, restricted bank deposits represented pledged bank deposits amounted to approximately HK\$46,385,000 (31 December 2022: approximately HK\$41,422,000) and escrow and reserves of approximately HK\$145,934,000 (31 December 2022: approximately HK\$85,532,000). Certain pledged bank deposits amounted to approximately HK\$46,253,000 (31 December 2022: approximately HK\$39,220,000) were classified as current assets and the remaining balance of pledged bank deposits of approximately HK\$132,000 (31 December 2022: approximately HK\$2,202,000) were classified as non-current assets as at 30 June 2023.

Escrow and reserves represented mandatory deposits to cover certain obligations as set forth in the mortgage loan agreement. These cash balances are used primarily to pay for insurance and real estate taxes over the next period and capital repairs as needed. Escrow and reserves are classified as current assets accordingly.

Pledged bank deposits have been secured for the borrowings as disclosed in Note 20.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

17. PROPERTIES UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE

(i) Properties under development

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	1,024,961	1,861,601
Additions	61,661	311,341
Transferred to properties held for sale	(613,462)	(1,148,742)
Exchange realignment	5,438	761
At the end of the period/year	478,598	1,024,961

The Group's properties under development are located in the U.S.. They are expected to be completed within the normal operating cycle of the Group and are classified as current assets.

As at 31 December 2022, properties under development of approximately HK\$421,137,000 were pledged as collateral for bank borrowings of approximately HK\$164,913,000 as disclosed in Note 20.

(ii) Properties held for sale

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	955,520	–
Transferred from properties under development	613,462	1,148,742
Transferred to investment properties	(273,666)	(85,225)
Derecognised upon sales	(48,489)	(107,878)
Write down to net realisable value (Note 6)	(133,730)	–
Exchange realignment	8,723	(119)
At the end of the period/year	1,121,820	955,520

All properties held for sale are located in the U.S..

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

18. ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets classified as held for sale is as follows:

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Investment properties (Note)	279,647	352,128

Note:

During the six months ended 30 June 2023, the Group are negotiating into sale agreements with independent third parties to sell investment properties. The fair values of the investment properties classified as held for sale was arrived on the income capitalisation approach carried out by the management.

The investment properties which are expected to be sold within twelve months are classified as held for sale and are presented separately in the condensed consolidated statement of financial position.

19. AMOUNT DUE TO A SHAREHOLDER

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non-current liabilities		
Grand Beauty Management Limited (“Grand Beauty”) (Note)	423,777	623,988

Note:

The amount due is unsecured, interest bearing at a rate of 4.25% per annum, will mature on 1 April 2026 and denominated in U.S. dollars. The related interest payable due to Grand Beauty amounted to approximately HK\$100,000 (31 December 2022: approximately HK\$663,000) is included in other payables and accrued charges.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. BORROWINGS

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Lease liabilities (Note (a))		
Within 1 year	8,593	12,746
After 1 year but within 2 years	3,943	4,876
After 2 years but within 5 years	1,696	3,621
	14,232	21,243
Bank loans and revolving loans (Note (b))		
Within 1 year	622,063	854,373
After 1 year but within 2 years	2,779,068	209,060
After 2 years but within 5 years	679,499	2,967,325
Over 5 years	180,797	612,828
	4,261,427	4,643,586
Notes payable (Note (c))		
Within 1 year	124,330	257,308
After 1 year but within 2 years	226,178	239,805
After 2 years but within 5 years	135,742	135,020
	486,250	632,133
Total borrowings	4,761,909	5,296,962
Amount due within 1 year included under current liabilities	(754,986)	(1,124,427)
	4,006,923	4,172,535

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. BORROWINGS (Continued)

Notes:

(a) Future lease payments are due as follows:

	Future lease payments	Interest	Present value
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
As at 30 June 2023			
Within 1 year	9,004	411	8,593
After 1 year but within 2 years	4,083	140	3,943
After 2 years but within 5 years	1,727	31	1,696
	14,814	582	14,232
	Future lease payments	Interest	Present value
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
As at 31 December 2022			
Within 1 year	13,413	667	12,746
After 1 year but within 2 years	5,117	241	4,876
After 2 years but within 5 years	3,705	84	3,621
	22,235	992	21,243

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. BORROWINGS (Continued)

Notes: (Continued)

(b) The bank loans and revolving loans are denominated in the following currencies:

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Secured		
HK\$	201,600	201,600
U.S. dollars	4,059,827	4,426,392
	4,261,427	4,627,992
Unsecured		
U.S. dollars	–	15,594
	4,261,427	4,643,586

The bank loans and revolving loans amounted to approximately HK\$4,261,427,000 (31 December 2022: approximately HK\$4,627,992,000) were secured by way of legal charges over certain of the Group's investment properties (Note 13), pledged bank deposits (Note 16), assets classified as held for sale (Note 18), properties under development (Note 17(i)) and the interests of certain subsidiaries of the Group.

(c) All the notes payable are denominated in U.S. dollars and were secured by way of legal charges over the interests of certain subsidiaries of the Group.

21. OTHER FINANCIAL ASSETS/LIABILITIES

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non-current assets		
Limited partner interests (Note)	520,115	695,342
Non-current liabilities		
Limited partner interests (Note)	202,499	225,196

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

21. OTHER FINANCIAL ASSETS/LIABILITIES (*Continued*)

Note:

Limited partner interests are associated with those limited partnerships where GR Realty being the general partner. Limited partner interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Group's condensed consolidated income statement and within assets/liabilities or equity in the condensed consolidated statement of financial position.

The limited partner interests associated with those limited partnerships that have a perpetual term are recognised as non-controlling interests within equity in the condensed consolidated statement of financial position. The related income or loss allocated to non-controlling interests is presented as profit or loss attributable to non-controlling interests in the condensed consolidated income statement.

The limited partner interests associated with those limited partnerships that have a fixed term are recognised as non-current assets or non-current liabilities in the condensed consolidated statements of financial position, and the related income or loss is recognised as the profit or loss attributable to limited partners in the condensed consolidated income statement.

The Group allocates partnership income between the general partner interests and the limited partner interests by using the waterfall calculation (the "**Waterfall**"), which are based on the terms agreed in the limited partnership agreements. The allocation represents the change in the liquidation value of the entity which is composed of the profit or loss attributable to limited partners, income or loss allocated to non-controlling interest (equity) and the residual movement year over year.

Where there are losses or where the value of entity is lower than the initial investment, losses are allocated pro rata basis on the capital invested in that entity.

The ownership by a member of the relevant units shall entitle such member to allocations of net income, net loss and other items of income, gain, loss or deduction, and distributions of cash and other property of GR Realty for each fiscal year, in proportion to their respective distribution percentage interests, after repayment of loans made by the members or their affiliates to GR Realty and relevant tax payments.

For the six months ended 30 June 2023, the loss allocated to the limited partners amounted to approximately HK\$122,620,000 (six months ended 30 June 2022: approximately HK\$57,337,000) and recognised within loss attributable to limited partners and puttable instrument holders in the condensed consolidated income statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

22. SHARE CAPITAL

	30 June 2023		31 December 2022	
	Number	HK\$'000	Number	HK\$'000
	(Unaudited)		(Audited)	
Ordinary shares				
At the beginning and the end of the period/year	635,570,000	371,191	635,570,000	371,191

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

As at 30 June 2023 and 31 December 2022, Grand Beauty and Estate Spring International Limited ("**Estate Spring**") directly owned approximately 24.86% and 41.77% issued ordinary shares of the Company respectively. Grand Beauty is an indirect wholly-owned subsidiary of Sino-Ocean Group Holding Limited.

23. CONVERTIBLE PREFERENCE SHARES RESERVE

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

23. CONVERTIBLE PREFERENCE SHARES RESERVE (*Continued*)

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

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

Amendments

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

Details of the proposed amendments to the terms of the CPSs were set out in the Company's announcement and circular dated 28 January 2018.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

23. CONVERTIBLE PREFERENCE SHARES RESERVE *(Continued)*

Amendments (Continued)

The Amendments were accounted for as extinguishment of the Adjusted CPSs as the conversion options of the Adjusted CPSs do not meet the fixed-for-fixed criteria, that is, it will not be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's ordinary shares by considering the adjustments to conversion price. Accordingly, the Adjusted CPSs should be accounted for as liability component and are measured at fair value at initial recognition. Subsequently, it is classified as a financial liability at fair value through profit or loss.

The Adjustments to the revised conversion price expired on 1 July 2018 (the "**Expiry of Adjustments**"). After the Expiry of Adjustments, the conversion price of the Adjusted CPSs was fixed at HK\$6. Accordingly, the conversion option of the Adjusted CPSs involves only a conversion of a fixed number of the Company's ordinary shares (i.e. settled by the exchange of fixed amount of equity), the Adjusted CPSs were reclassified as equity instruments at 1 July 2018.

Capital reduction

Pursuant to a special resolution passed by the shareholders of the Company at an extraordinary general meeting on 5 July 2017, the cancellation of 470,666,666 CPSs was effective following the registration in the public record of the relevant statutory return filed with the Hong Kong Companies Registry (the "**Capital Reduction**") on 10 August 2017. The credit in the amount of approximately HK\$1,411.5 million in the CPSs reserve account of the Company arising from this Capital Reduction was credited to the accumulated losses account of the Company during the year ended 31 December 2017.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

23. CONVERTIBLE PREFERENCE SHARES RESERVE (*Continued*)

Capital reduction (*Continued*)

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

Following completion of the Second Capital Reduction, the credit in the amount of approximately HK\$130,000,000 in the CPSs reserve account of the Company arising from the Capital Reduction shall be transferred and credited to the capital reduction reserve account of the Company; and the credit in the amount of approximately HK\$130,000,000 in the capital reduction reserve account of the Company shall be applied to set off against the accumulated losses of the Company.

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

On 28 February 2020, Grand Beauty executed a third deed of cancellation in favour of the Company, pursuant to which Grand Beauty agreed to the implementation of the proposed capital reduction involving the cancellation of 31,666,667 CPSs held by Grand Beauty (representing approximately 4.03% of all the CPSs in issue as at 31 December 2019 (the “**Third Capital Reduction**”).

Following completion of the Third Capital Reduction, the credit in the amount of approximately HK\$94,948,000 in the CPSs reserve account of the Company arising from the capital reduction shall be transferred and credited to the capital reduction reserve account of the Company; and the credit in the amount of approximately HK\$94,948,000 in the capital reduction reserve account of the Company shall be applied to set off against the accumulated losses of the Company.

Details of the Third Capital Reduction was set out in the announcement of the Company dated 28 February 2020 and circular of the Company dated 18 March 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

24. PERPETUAL BOND

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

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

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

The carrying amounts of the other borrowings provided by Grand Beauty as stated above together with interest accrued thereon as at 31 May 2017 amounting to approximately HK\$1,599.8 million in aggregate has been used to settle the above consideration payable. The capital contribution previously recognised through the other borrowings provided by Grand Beauty amounting to approximately HK\$659.7 million was derecognised and transferred to the perpetual bond. The perpetual bond is classified as an equity of the Company.

On 23 March 2022, Grand Beauty and Estate Spring entered into a sale and purchase agreement, pursuant to which Grand Beauty agreed to sell and Estate Spring agreed to purchase the perpetual bond with consideration RMB200,000,000 (equivalent to approximately HK\$245,878,000). The transaction was completed in 2022.

During the six months ended 30 June 2023, the Company paid distributions to the holders of perpetual bond amounted to approximately HK\$226,000 (30 June 2022: approximately HK\$226,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

25. OPERATING LEASE COMMITMENTS

The Group as lessor:

Property rental income earned from leasing of the Group's investment properties during the period is disclosed in Notes 4 and 5. The properties held by the Group have committed with tenants for lease terms ranging from one month to eleven years (31 December 2022: one month to eight years) and rentals are fixed over the lease terms.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within one year	544,077	625,104
After 1 years but within 2 years	485,371	554,562
After 2 years but within 3 years	394,840	489,127
After 3 years but within 4 years	275,315	397,300
After 4 years but within 5 years	198,730	252,474
After 5 years	388,366	499,423
	2,286,699	2,817,990

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

26. CAPITAL COMMITMENTS

Capital expenditures contracted for at the end of the reporting period but not yet incurred are as follows:

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Properties under development	40,983	105,951

27. RELATED PARTY TRANSACTIONS

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2023 was approximately HK\$2,274,000 (six months ended 30 June 2022: approximately HK\$2,182,000).

In addition to those related party transactions disclosed elsewhere in the Interim Financial Statements and the amount due to a shareholder (Note 19), the Group entered into the following transactions with its related parties during the period. The transactions were carried out at market terms determined by the Group's management.

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Transactions with a shareholder:		
– Interest expenses (Note)	13,066	22,266

Note:

As at 30 June 2023 and 31 December 2022, as described in Note 19, amount due to a shareholder of approximately US\$54,062,000 (equivalent to approximately HK\$423,777,000) (31 December 2022: US\$80,028,000 (equivalent to approximately HK\$623,988,000)) in aggregate are interest-bearing at rate of 4.25% (31 December 2022: 4.25%) per annum. The interest expenses incurred for the amount due to a shareholder for the period was approximately HK\$13,066,000 (six months ended 30 June 2022: approximately HK\$22,266,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

28. FAIR VALUE MEASUREMENT

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Unaudited)	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30 June 2023				
Financial assets at fair value through profit or loss				
– Others (Note (ii))	–	–	8,310	8,310
– Unlisted fund investments (Notes (i) and (iii))	–	–	522,833	522,833
– Limited partner interests (Note (iv))	–	–	520,115	520,115
	–	–	1,051,258	1,051,258
Financial liabilities at fair value through profit or loss				
– Limited partner interests (Note (iv))	–	–	202,499	202,499

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

28. FAIR VALUE MEASUREMENT (Continued)

(Audited)	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2022				
Financial assets at fair value through profit or loss				
– Others (Note (i))	–	–	8,360	8,360
– Unlisted fund investments (Notes (i) and (iii))	–	–	538,578	538,578
– Financial instruments held for trading (Note (ii))	118,121	–	–	118,121
– Limited partner interests (Note (iv))	–	–	695,342	695,342
	118,121	–	1,242,280	1,360,401
Financial liabilities at fair value through profit or loss				
– Limited partner interests (Note (iv))	–	–	225,196	225,196

During the six months ended 30 June 2023 and the year ended 31 December 2022, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets and financial liabilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

28. FAIR VALUE MEASUREMENT (Continued)

Notes:

- (i) The fair values of others and unlisted fund investments have been determined by BMI Appraisals, the independent qualified valuer, which are level 3 fair value measurement. The movement of these financial instruments is as follows:

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of period/year	546,938	1,679,954
Return of capital	(22,995)	(1,007,734)
Fair value change recognised in profit or loss	3,681	(125,282)
Exchange realignment	3,519	–
At the end of period/year	531,143	546,938

- (ii) Fair value measurements recognised in the statement of financial position

The financial instruments held for trading are measured subsequent to initial recognition at fair value, and grouped into Level 1 based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

As at 30 June 2023, the financial instruments held for trading grouped into level 1 is nil (31 December 2022: approximately HK\$118,121,000).

- (iii) The valuations are determined based on the following significant unobservable inputs:

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the inputs
Unlisted fund investments which invests in real estate project	Asset-based approach	Discount/premium of quality of properties (e.g. location, view, size, condition and age of the properties)	-20%-25%	Had the discount decreased by 10%, the fair value would have increased by approximately HK\$54,323,000. Had the discount increased by 10%, the fair value would have decreased by approximately HK\$54,323,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

28. FAIR VALUE MEASUREMENT (Continued)

Notes: (Continued)

- (iv) The fair value of limited partner interests within Level 3 is determined by assets based approach. The fair value of it is calculated principally by reference to the estimated fair value of the portion of the underlying investment property in which the owner of the limited partnership is interested.

The investment property's fair value is itself subject to a number of unobservable inputs, including the discount rate and the terminal capitalisation rate.

The fair values of interest of Class B members with put option and limited partner interests are level 3 fair value measurement. The movement of these financial instruments is as follows:

(Unaudited)	Limited partner interests – other financial assets	Limited partner interests – other financial liabilities	Total
	HK\$'000	HK\$'000	HK\$'000
As at 30 June 2023			
At the beginning of the period	695,342	(225,196)	470,146
Settlement paid to limited partner interests	–	12,331	12,331
Loss attributable to limited partners	111,069	11,551	122,620
Settlement through the forgiveness of note payables and accrued interest	(289,917)	–	(289,917)
Exchange realignment	3,621	(1,185)	2,436
At the end of the period	520,115	(202,499)	317,616

(Audited)	Limited partner interests – other financial assets	Limited partner interests – other financial liabilities	Class B members with put option	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2022				
At the beginning of the year	536,572	(268,758)	(139,009)	128,805
Acquired through the distribution of the funds	–	–	136,896	136,896
Settlement paid to limited partner interests and puttable instrument	–	61,393	13,998	75,391
Loss/(gain) attributable to limited partners and puttable instrument holders	159,459	(17,685)	(10,974)	130,800
Exchange realignment	(689)	(146)	(911)	(1,746)
At the end of the year	695,342	(225,196)	–	470,146

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

Other Information

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

As at 30 June 2023, none of the directors ("**Director(s)**") and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**") which were required (i) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2023 (the "**2023 Interim Period**") was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2023, so far as is known to any Director or chief executive of the Company, the following persons had interests or short positions in the shares or underlying shares in respect of equity derivatives of the Company as recorded in the register of substantial shareholders required to be kept under Section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Nature of Interest/capacity	Number of ordinary shares of the Company (the "Shares")/ underlying Shares	Approximate percentage of interest in the issued Shares as at 30 June 2023 (Note 1)
Sino-Ocean Group Holding Limited ("Sino-Ocean")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Shine Wind Development Limited ("Shine Wind")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Faith Ocean International Limited ("Faith Ocean")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Sino-Ocean Land (Hong Kong) Limited ("SOL HK")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Grand Beauty Management Limited ("Grand Beauty")	Beneficial owner (Note 3)	157,986,500 (L)	24.86%
	Beneficial owner (Note 3)	377,166,666 (L) (Note 2)	59.34%
		<hr/> Total: 535,153,166 (L)	84.20%

Other Information

Name	Nature of Interest/capacity	Number of ordinary shares of the Company (the "Shares")/ underlying Shares	Approximate percentage of interest in the issued Shares as at 30 June 2023 (Note 1)
Heroic Peace Limited ("Heroic Peace")	Interest of controlled corporation (Note 5)	265,500,917 (L)	41.77%
Fortune Joy Ventures Limited ("Fortune Joy")	Interest of controlled corporation (Note 5)	265,500,917 (L)	41.77%
Sino-Ocean Capital Holding Limited ("Sino-Ocean Capital")	Interest of controlled corporation (Note 5)	265,500,917 (L)	41.77%
Oriental Model Limited ("Oriental Model")	Interest of controlled corporation (Note 5)	265,500,917 (L)	41.77%
Oceanland Global Investment Limited ("Oceanland Global")	Interest of controlled corporation (Note 5)	265,500,917 (L)	41.77%
Glory Class Ventures Limited ("Glory Class")	Interest of controlled corporation (Note 5)	265,500,917 (L)	41.77%
Estate Spring International Limited ("Estate Spring")	Beneficial owner (Note 5)	265,500,917 (L)	41.77%
Hongkong Presstar Enterprise Co., Limited ("HK Presstar")	Beneficial owner (Note 6)	45,139,000 (L)	7.10%
ZHANG Li	Interest of controlled corporation (Note 6)	45,139,000 (L)	7.10%

Notes:

- (1) The total number of issued Shares as at 30 June 2023 (being 635,570,000 Shares) has been used for the calculation of the approximate percentage.
- (2) These Shares represent the 377,166,666 underlying Shares which may be allotted and issued to Grand Beauty, a wholly-owned subsidiary of Sino-Ocean, upon exercise in full the conversion rights attaching to the remaining 754,333,333 convertible preference shares of the Company.

Other Information

- (3) Grand Beauty was wholly-owned by SOL HK. SOL HK was wholly-owned by Faith Ocean which was, in turn, wholly-owned by Shine Wind. Shine Wind was wholly-owned by Sino-Ocean. In view of their respective direct or indirect 100% shareholding interest in Grand Beauty, each of SOL HK, Faith Ocean, Shine Wind and Sino-Ocean was deemed under the SFO to be interested in the 535,153,166 Shares in which Grand Beauty was interested.
- (4) These Shares represent (i) the 535,153,166 Shares in which Grand Beauty was interested; and (ii) the 265,500,917 Shares in which Estate Spring was interested.
- (5) Estate Spring was wholly-owned by Glory Class. Glory Class was wholly-owned by Oceanland Global, which was, in turn, 70% owned by Oriental Model and 30% owned by Joyful Clever Limited. Oriental Model was wholly-owned by Sino-Ocean Capital and Joyful Clever Limited was indirectly wholly-owned by Sino-Ocean Capital. Sino-Ocean Capital was wholly-owned by Fortune Joy. Fortune Joy was 49% owned by Heroic Peace, which was, in turn, wholly-owned by SOL HK. Please refer to note (3) above for the relationships between SOL HK, Faith Ocean, Shine Wind and Sino-Ocean. In view of their respective interests in Estate Spring, each of Glory Class, Oceanland Global, Oriental Model, Sino-Ocean Capital, Fortune Joy, Heroic Peace, SOL HK, Faith Ocean, Shine Wind and Sino-Ocean was deemed under the SFO to be interested in the 265,500,917 Shares in which Estate Spring was interested.
- (6) HK Presstar is wholly-owned by Mr. ZHANG Li. As such, Mr. ZHANG Li was deemed under the SFO to be interested in the 45,139,000 Shares in which HK Presstar was interested.
- (7) Pursuant to Section 336 of the SFO, shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. When a shareholder's shareholdings in the Company changes, it is not necessary to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, substantial shareholders' latest shareholdings in the Company may be different to the shareholdings filed with the Company and the Stock Exchange. The above statements of substantial shareholders' interests are prepared based on the information in the relevant disclosure of interests forms received by the Company as of 30 June 2023. The Company may not have sufficient information on the breakdown of the relevant interests and cannot verify the accuracy of information on such disclosure of interests forms.
- (8) The letter "L" denotes a long position in the Shares.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any persons who had interests or short positions in the Shares or underlying Shares in respect of equity derivatives of the Company which had been recorded in the register of substantial shareholders required to be kept under Section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the issued Shares.

CORPORATE GOVERNANCE

During the 2023 Interim Period, the Company has complied with the applicable code provisions as set out in Part 2 of Appendix 14 (Corporate Governance Code) to the Listing Rules as and when they were/are in force.

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 2023 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 2023 Interim Period.

Other Information

CODES FOR SECURITIES TRANSACTION BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. All Directors, following specific enquiries made by the Company, have confirmed that they have complied with the required standard as set out in the Model Code during the 2023 Interim Period.

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

CHANGES IN DIRECTORS' INFORMATION

There is no change in information on Directors since the date of the Annual Report 2022 of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the 2023 Interim Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient amount of public float for its ordinary shares as required under the Listing Rules throughout the 2023 Interim Period.

On behalf of the Board

LAI Kwok Hung, Alex

Executive Director and Chief Executive Officer

11 August 2023

Corporate Information

BOARD OF DIRECTORS

Executive Directors

SUM Pui Ying (Chairman)
LAI Kwok Hung, Alex
(Chief Executive Officer)
LAM Yee Lan

Non-executive Directors

TANG Runjiang
ZHOU Yue

Independent Non-executive Directors

LO Woon Bor, Henry
CHEN Yingshun
LEE Sai Kai, David

AUDIT COMMITTEE

LEE Sai Kai, David (Chairman)
TANG Runjiang
ZHOU Yue
LO Woon Bor, Henry
CHEN Yingshun

REMUNERATION COMMITTEE

LEE Sai Kai, David (Chairman)
LO Woon Bor, Henry
CHEN Yingshun

NOMINATION COMMITTEE

SUM Pui Ying (Chairman)
LO Woon Bor, Henry
CHEN Yingshun
LEE Sai Kai, David

INVESTMENT COMMITTEE

SUM Pui Ying (Chairman)
LAI Kwok Hung, Alex
TANG Runjiang
ZHOU Yue
LEE Sai Kai, David

COMPANY SECRETARY

CHEUNG Sin Kei

AUTHORISED REPRESENTATIVES

LAI Kwok Hung, Alex
CHEUNG Sin Kei

AUDITOR

BDO Limited
Certified Public Accountants

LEGAL ADVISORS

(in alphabetical order)

Baker & McKenzie
Sit Fung Kwong & Shum

PRINCIPAL BANKERS

(in alphabetical order)

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

SHARE REGISTRAR

Tricor Standard Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 610, One Pacific Place
88 Queensway
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 174

COMPANY WEBSITE

www.geminiinvestments.com.hk