



# Gemini Investments (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 174

盛洋投资



2022  
INTERIM REPORT



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# Financial Highlights

(HK\$'000)	<b>Six months ended 30 June 2022 (unaudited)</b>	Six months ended 30 June 2021 (unaudited)
Revenue	<b>491,382</b>	640,789
(Loss)/profit before income tax	<b>(115,113)</b>	79,401
(Loss)/profit for the period	<b>(138,689)</b>	56,735
(Loss)/profit attributable to owners of the Company	<b>(146,986)</b>	20,540
(Loss)/earnings per share — basic (HK dollar)	<b>(0.23)</b>	0.03
(Loss)/earnings per share — diluted (HK dollar)	<b>(0.23)</b>	0.02

(HK\$'000)	<b>As at 30 June 2022 (unaudited)</b>	As at 31 December 2021 (audited)
Total assets	<b>14,932,878</b>	16,022,667
Equity attributable to owners of the Company	<b>5,265,683</b>	5,406,016
Cash and cash equivalents	<b>794,899</b>	824,947

# 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 2022 (the "**2022 Interim Period**").

## FINANCIAL RESULTS

During the 2022 Interim Period, the Group recorded a revenue of HK\$491 million (for the six months ended 30 June 2021 (the "**2021 Interim Period**"): HK\$641 million), and a loss attributable to owners of the Company of HK\$147 million (2021 Interim Period: a profit attributable to owners of the Company of HK\$21 million). The Group's securities and fund investments segment incurred losses of HK\$39 million and HK\$142 million respectively due to adverse financial market conditions caused by factors such as geopolitical tensions, high inflation in the United States (the "**U.S.**") and interest rate hikes. Nevertheless, the overall performance of the investment and development properties held and managed by the Group remained relatively stable as we gradually adapted to the downward impact of the global economy and adjusted our strategies over the past few years. 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 2022 Interim Period.

## BUSINESS REVIEW AND PROSPECTS

In the first half of 2022, the Group's securities and fund investment business was affected by the significant turbulence in the global economy under the impact of multiple factors and recorded certain losses. The Group will continue to closely assess the above-mentioned adverse financial market conditions and regularly review investment strategies in a prudent manner, including but not limited to downsizing the portfolio of securities and fund investments.

The overall performance of investment properties remained relatively stable in the first half of 2022. Since the outbreak of the COVID-19 pandemic in the past few years, the Group has continuously reviewed and adjusted its investment and operation strategies in advance, and continued to improve the operating efficiency and tenant satisfaction of the real estate projects under management through Gemini-Rosemont Realty LLC ("**GR Realty**"), our U.S.-based property fund management platform, while gradually completing the exit of some projects. In the first half of 2022, the Group completed the disposal of 5 real estate projects in the Eastern Coast and Central of the U.S., such as Oklahoma and North Carolina, and recorded a gain of HK\$31 million from the disposal.

The overall progress of development properties was in line with expectations. As the U.S. further eased the pandemic control measures in 2022, the Group's development projects (all located in the U.S.) were progressing in an orderly manner. One of the projects in Manhattan will be completed in the second half of this year and will start to record sales revenue and bring cash inflows.

## Chairman's Statement

Looking forward to the second half of 2022, the global economy is shadowed while the business environment and outlook remain uncertain. On one hand, the global economic performance is expected to improve gradually as many countries start to ease restrictions against the pandemic; on the other hand, factors such as the continuous negative spillover effect brought by the Russia-Ukraine conflicts as well as the soaring and persistent high inflation level in countries such as Europe and the U.S. all exerted significant pressure on the confidence of enterprises, investors and consumers. Facing these challenges, the Group will continue to pay close attention to the latest development of the market and the pandemic, review its existing businesses from time to time, keep abreast of different conditions and adopt appropriate strategies flexibly, so as to ensure the stable development of the core businesses in accordance with the overall business strategy. At the same time, we will continue to work closely with Sino-Ocean Group Holding Limited and Sino-Ocean Capital Holding Limited, the substantial shareholders of the Company.

### 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, 12 August 2022

# Management Discussion & Analysis

During the 2022 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 55% and 3% of our total assets as at 30 June 2022 respectively, and property under development in the U.S. accounted for 14% of our total assets as at 30 June 2022. 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 almost 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 2022, our balanced property portfolio comprised 14 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 a residential building 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.

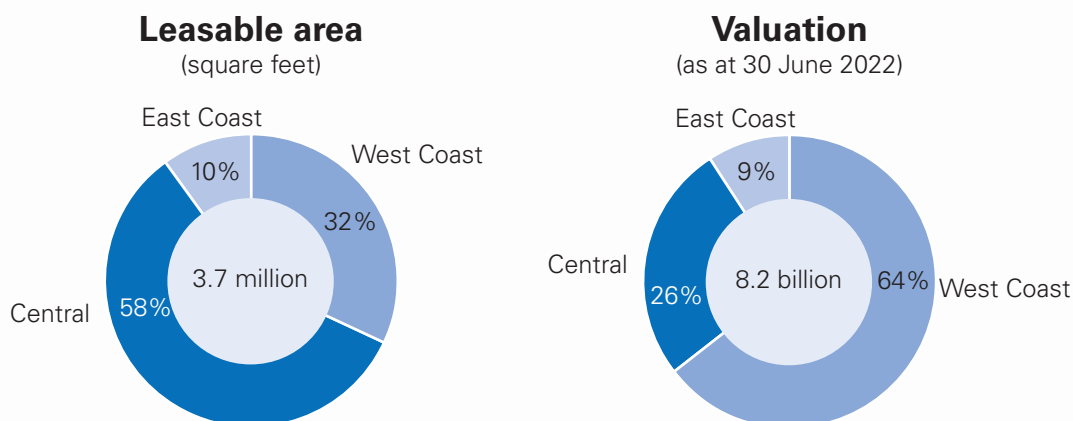
As at 30 June 2022, the carrying value of our investment properties including those classified as assets classified as held for sale in the U.S. was HK\$8,154 million (as at 31 December 2021: HK\$9,167 million). Total revenue generated from investment properties in the U.S. was HK\$486 million (2021 Interim Period: HK\$633 million). Decreases in both the carrying value and revenue were mainly as a result of successful disposal of 5 investment properties during the 2022 Interim Period (2021 Interim Period: 3 investment properties disposed of), which brought a gain on disposal of HK\$31 million (2021 Interim Period: a gain on disposal of HK\$35 million), with net proceeds reserved for future sound investments. There was no acquisition of investment properties during the 2022 Interim Period and the 2021 Interim Period.



# Management Discussion & Analysis

At at 30 June 2022, the total leasable area of our investment properties in the U.S. was 3,692,000 square feet (as at 31 December 2021: 5,233,000 square feet), with an average occupancy rate of 75%.

An analysis of investment properties (including assets classified as held for sale) in the U.S. 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.

Three of the disposals of investment properties completed by the Group during the 2022 Interim Period constituted notifiable transactions of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and details of these disposals are described below.

In October 2021, a subsidiary of the Company entered into a purchase and sale agreement with an independent third party to sell an office building property located at North Carolina, the U.S. for an aggregate consideration of US\$23,060,000. Subsequently, the purchaser served a written notice to terminate the purchase and sale agreement. After further negotiation, in November 2021, both parties entered into the reinstatement and second amendment to the purchase and sale agreement (the “**Second Amendment**”) to reinstate, ratify and confirm the purchase and sale agreement, which has the effect of reinstating the purchase and sale agreement as if it had not been terminated. Pursuant to the Second Amendment, the consideration has been revised to US\$22,350,000. This disposal was completed in January 2022, and a gain of HK\$3 million was recognised from this disposal. Details of this disposal which constituted a major transaction of the Company under the Listing Rules are set out in the announcements of the Company respectively dated 26 October 2021, 8 November 2021 and 25 November 2021; and circular of the Company dated 10 December 2021.

# Management Discussion & Analysis

In December 2021, a subsidiary of the Company entered into a purchase and sale agreement with an independent third party to sell multi-storey office buildings and multi-level parking garages with several ground leases located at Oklahoma, the U.S. for an aggregate consideration of US\$101,170,000. Subsequently, both parties entered into a first amendment to the purchase and sale agreement in February 2022 to extend the inspection period in respect of the properties from 15 February 2022 to 1 March 2022 (U.S. Eastern Time). Upon the expiration of the inspection period, both parties entered into a second amendment to the purchase and sale agreement and the purchaser agreed to waive the right to terminate the purchase and sale agreement. This disposal was completed in May 2022, and a gain of HK\$24 million was recognised from this disposal. Details of this disposal which constituted a major transaction of the Company under the Listing Rules are set out in the announcements of the Company respectively dated 22 December 2021, 16 February 2022, 2 March 2022, 6 April 2022 and 28 April 2022; and circular of the Company dated 14 January 2022.

In January 2022, a subsidiary of the Company entered into a purchase and sale agreement with an independent third party to sell a shopping center with various car parking spaces located at New Mexico, the U.S. for an aggregate consideration of US\$3,900,000. This disposal was completed in May 2022, and a gain of HK\$1 million was recognised from this disposal. Details of this disposal which constituted a discloseable transaction of the Company under the Listing Rules are set out in the announcement of the Company dated 31 January 2022.

In April 2022, a subsidiary of the Company was notified by one of the limited partners of a fund managed by GR Realty (the “**Fund**”) that a broker had identified a potential purchaser and entered into negotiations for a purchase and sale agreement in relation to the sale of a property located at Washington, the U.S.. The consideration was expected to be approximately US\$417 million (equivalent to approximately HK\$3,253 million) (the “**Possible Disposal**”). Pursuant to the limited partnership agreement of the Fund, such limited partner has the unilateral right to cause the direct or indirect sale of such property if the sale meets certain requirements set out in the limited partnership agreement, by way of a written notice (which notice was served on the subsidiary of the Company earlier).

However, our subsidiary was subsequently informed by the same limited partner of the Fund in July 2022 that no definitive agreement had been entered into in respect of the Possible Disposal within the prescribed time period. Accordingly, the Possible Disposal no longer proceeds. Details of this Possible Disposal are set out in the announcements of the Company dated 29 April 2022 and 19 July 2022 respectively.

## 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.



## Management Discussion & Analysis

The redevelopment project located at Avenue of the Americas is expected to be developed into a 13-storey residential building (with retail space on the ground) with an estimated gross floor area of 82,000 square feet. It is positioned with unique project types including duplex units which are in scarcity in Manhattan. It is currently under development and expected to be completed in the second half of 2022.

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 perfecting amenities. The estimated gross floor area is 78,000 square feet, and completion is expected in 2023. The Second Avenue project is in demolition stage, and is expected to be developed into a residential building with splendid amenities. The estimated gross floor area is 137,000 square feet, and completion is expected in 2025.

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 comprise A-grade offices units in two buildings in Hong Kong Island, and several residential units and car parking space. The total carrying value of our investment properties in Hong Kong was HK\$429 million (as at 31 December 2021: HK\$440 million), representing 3% of our total assets as at 30 June 2022 (as at 31 December 2021: 3%). During the 2022 Interim Period, rental revenue from investment properties in Hong Kong remained stable with an amount of HK\$5 million (2021 Interim Period: HK\$5 million). Leasing activities remained relatively stable with an average occupancy rate of 96%.

### Other Operations

Other operations mainly include fund investments and securities investments. As at 30 June 2022, our securities investment portfolio (classified as financial instruments held for trading) mainly consisted of investment in listed securities in Hong Kong and overseas of HK\$129 million (as at 31 December 2021: HK\$325 million). The Group recorded a decrease in fair value of financial instruments held for trading of HK\$42 million for the 2022 Interim Period (2021 Interim Period: a gain of HK\$4 million) under the adverse financial market conditions caused by high inflation, interest rate hike in the U.S as well as geopolitical tensions. The Group had downsized the portfolio of securities investments gradually during the 2022 Interim Period as risk mitigation measures under such volatile market.

# Management Discussion & Analysis

As at 30 June 2022, the carrying amount of our fund investment portfolio (classified as “financial assets at fair value through profit or loss”) was HK\$1,560 million (as at 31 December 2021: HK\$1,952 million), with an aggregate loss on change of fair value of HK\$141 million recorded during the 2022 Interim Period (2021 Interim Period: gain of HK\$60 million), mainly as a result of loss from those funds investing in global listed securities, with a mixed portfolio including equity securities in technology media telecom sector and new economy industries and debt securities under adverse financial market conditions. Of the above aggregate loss on change of fair value, the Group mainly recorded loss on change of fair value of HK\$30 million from a fund investment with portfolio of listed securities focusing on technology media telecom sector and loss on change of fair value of HK\$110 million from a fund investment with portfolio of underlying assets of listed equities and debt securities focusing on the property and property-related value chain and new economy industries. There is no material change in fair value of other fund investments.

In March 2022, the Group served a redemption notice to the administrator of one of our fund investments to redeem its 150,676 shares in Neutron Fund Limited attributable to Neutron B. The total proceeds arising from the redemption are HK\$250 million and a loss from redemption of funds of HK\$30 million (subsumed under the above aggregate loss on change of fair value) was recorded. The redemption of funds represented an opportunity for the Group to generate cash inflows so that it can reallocate its resources to its other existing businesses. Details of the redemption which constituted a very substantial disposal of the Company under the Listing Rules is set out in the announcement and circular of the Company dated 11 March 2022 and 25 April 2022 respectively.

## FINANCIAL REVIEW

### Revenue

The components of our revenue are analysed as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Rental income	395,209	511,555
Ancillary service income to property leasing	95,523	125,937
Others	650	3,297
	<b>491,382</b>	640,789

U.S. investment properties generated rental income of HK\$390 million, and ancillary service income to property leasing of HK\$96 million, which comprised income for services provided to tenants of HK\$79 million and parking lot income of HK\$17 million. Hong Kong investment properties generated rental income of HK\$5 million.

# Management Discussion & Analysis

Decrease in revenue was mainly due to disposal of 5 of our 19 investment properties according to disposition plans during the 2022 Interim Period. The Group aims to dispose of its assets meeting the disposition criteria so as to maximize assets valuation.

## Operating expenses

The components of our operating expenses are analysed as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Repairs, maintenance and utilities	<b>97,964</b>	129,771
Property insurance and management expense	<b>29,890</b>	31,707
Real estate taxes	<b>104,706</b>	148,117
Others	<b>1,514</b>	1,727
	<b>234,074</b>	311,322

Decrease in operating expenses was mainly due to disposal of 5 of our 19 investment properties during the 2022 Interim Period, resulting in decrease of repairs, maintenance and utilities by HK\$32 million and real estate taxes by HK\$43 million.

## Profit arising from changes in fair value of investment properties

Profit arising from changes in fair value of investment properties of the Group of HK\$4 million was recorded during the 2022 Interim Period (2021 Interim Period: loss of HK\$129 million).

Under the mixed effect of gradual adaptation to the impacts of the COVID-19 pandemic by the global business environment and geopolitical tensions, no material movement on the fair value of investment properties was recorded. Certain properties located in Central and East Coast of the U.S., which are more vulnerable to adverse economic conditions, recorded decrease in value by 3% (about HK\$84 million) in aggregate, whilst our other properties in the U.S recorded increase in value by 2% (about HK\$99 million) in aggregate. Investment properties located in Hong Kong recorded decrease in value by 2% (about HK\$11 million) in aggregate.

## Loss arising from changes in fair value of financial assets at fair value through profit or loss

Loss arising from changes in fair value of financial assets at fair value through profit or loss of the Group of HK\$141 million was recorded during the 2022 Interim Period, which was mainly generated from our fund investments. Details of performance of fund investments are described in the section headed "Other Operations" under Management Discussion & Analysis.

# Management Discussion & Analysis

## Other income, gains/losses

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Gain on disposal of investment properties	31,142	35,064
Government grant	–	18,055
Interest income	3,153	4,011
Others	583	(951)
	<b>34,878</b>	56,179

During the 2022 Interim Period, other income, gains/losses mainly comprises gain of HK\$31 million from the disposal of 5 investment properties located in the U.S.

During the 2021 Interim Period, the Group recorded an one-off income from a government grant of HK\$18 million by the U.S. Department of the Treasury which was for the purpose of providing financial support to enterprises under the impact of COVID-19.

## Administrative and other expenses

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Employee costs	42,192	44,949
Legal and professional fee	23,500	21,717
Depreciation	8,294	7,688
Insurance expenses	3,658	4,476
Informative service fee	4,961	4,463
Auditors' remuneration	2,730	2,617
Exchange difference	(7,014)	3,920
Others	17,615	12,932
	<b>95,936</b>	102,762

Other than the movement on exchange difference of HK\$11 million under strengthened U.S. dollars, there was no material fluctuation on administrative and other expenses. Employee cost decreased slightly following the decrease in the number of properties managed as a result of disposal of investment properties.

# Management Discussion & Analysis

## Finance costs

Finance costs (net of interest capitalisation) of HK\$182 million on our borrowings were recognised during the 2022 Interim Period (2021 Interim Period: HK\$219 million). The decrease was due to settlement of mortgage loan upon the disposal of investment properties located in the U.S. offset by the effect of interest hike.

## Loss attributable to limited partners and puttable instrument holders

Loss attributable to limited partners of HK\$57 million (2021 Interim Period: loss of 82 million) and gain attributable to puttable instrument holders of HK\$7 million (2021 Interim Period: gain of 0.1 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\$57 million attributable to limited partners, mainly arose from the fair value decrease of investment properties mainly located in Central U.S.. The Group mainly acts as general partner, with certain limited partner interest in the parent funds of those investment properties.

## Financial Resources and Liquidity

As at 30 June 2022, the Group had cash resources totaling HK\$795 million (as at 31 December 2021: HK\$825 million) and committed undrawn borrowing facilities of HK\$699 million. The Group's sources of funding comprise mainly internal funds generated from the Group's business operations and loan facilities provided by banks.

## Management Discussion & Analysis

As at 30 June 2022, the borrowings (excluding lease liabilities) of the Group amounted to HK\$5,435 million (as at 31 December 2021: HK\$6,068 million). The Group's borrowings included bank loans and revolving loans and notes payables. The decrease in borrowings was mainly due to settlement of mortgage loan upon disposal of investment properties. As at 30 June 2022, the proportions of short-term borrowings and long-term borrowings of the Group were 22% and 78% respectively. The maturities of the Group's borrowings are set out as follows:

	<b>30 June 2022</b>	<b>As percentage of borrowings</b>	31 December 2021	As percentage of borrowings
	<b>(HK\$ million)</b>		<b>(HK\$ million)</b>	
Within 1 year	<b>1,197</b>	<b>22%</b>	1,850	30%
1-2 years	<b>241</b>	<b>4%</b>	468	8%
2-5 years	<b>3,377</b>	<b>63%</b>	3,036	50%
Over 5 years	<b>620</b>	<b>11%</b>	714	12%
	<b>5,435</b>	<b>100%</b>	6,068	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) had improved from 72% at 31 December 2021 to 65% at 30 June 2022, mainly as result of disposal of investment properties and settlement of related borrowings. The Group will gradually realise its investments at appropriate time which, when completed, is considered to further ease the Group's gearing position. 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.

### Financial Guarantees

As at 30 June 2022, our Group did not have any financial guarantees given for the benefit of third parties.



# Management Discussion & Analysis

## Plledged Assets

As at 30 June 2022, our Group had pledged bank deposits amounting to HK\$51 million (as at 31 December 2021: HK\$18 million), investment properties of HK\$8,331 million (as at 31 December 2021: HK\$7,817 million), properties under development of HK\$352 million (as at 31 December 2021: nil) and assets classified as held for sale of HK\$55 million (as at 31 December 2021: HK\$942 million), together with the interests of certain subsidiaries of the Group as securities to secure borrowings of our Group of HK\$5,435 million (as at 31 December 2021: HK\$6,068 million).

## Significant Investments

As at 30 June 2022, 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 2022.

## Contingent Liabilities

As at 30 June 2022, our Group had no significant contingent liabilities.

## Capital Commitments

As at 30 June 2022, our Group had capital commitments of HK\$161 million (as at 31 December 2021: HK\$263 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 2022 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 2022, 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 COVID-19 pandemic, the continuous negative spillover effect brought by the Russia-Ukraine conflicts as well as the soaring and persistent 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 is further postponed from the previously expected timeline of being on or before the fourth quarter of 2022 as disclosed in the Company's 2021 annual report to another 12-month period (i.e. on or before the fourth quarter of 2023). This expected timeline may be subject to further change based on the future development of the market conditions.

## EMPLOYEES

As at 30 June 2022, with the execution of our strategic plan and disposal of properties, the total number of staff employed (including our GR Realty's team) decreased from 97 to 89. During the 2022 Interim Period, the level of our overall staff cost was HK\$42 million (2021 Interim Period: HK\$45 million), with staff cost of HK\$33 million contributed by GR Realty (2021 Interim Period: HK\$35 million).

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



Tel : +852 2218 8288  
Fax: +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

電話 : +852 2218 8288  
傳真 : +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

香港  
干諾道中111號  
永安中心25樓

## 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 18 to 60, which comprises the condensed consolidated statement of financial position of Gemini Investments (Holdings) Limited (the “**Company**”) as of 30 June 2022 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, 12 August 2022

# Condensed Consolidated Income Statement

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4,5	<b>491,382</b>	640,789
Operating expenses	6	<b>(234,074)</b>	(311,322)
		<b>257,308</b>	329,467
Other income, gains/losses	7	<b>34,878</b>	56,179
Administrative and other expenses	8	<b>(95,936)</b>	(102,762)
Changes in fair value of financial instruments held for trading		<b>(41,778)</b>	4,241
Changes in fair value of financial assets at fair value through profit or loss		<b>(140,600)</b>	60,354
Changes in fair value of investment properties	13	<b>3,728</b>	(129,297)
Provision for impairment loss on financial assets		<b>(611)</b>	(2,029)
Share of results of associates	14	<b>88</b>	498
Finance costs	9	<b>(182,417)</b>	(219,044)
Loss attributable to limited partners and puttable instrument holders		<b>50,227</b>	81,794
<b>(Loss)/profit before income tax</b>		<b>(115,113)</b>	79,401
Income tax	10	<b>(23,576)</b>	(22,666)
<b>(Loss)/profit for the period</b>		<b>(138,689)</b>	56,735
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(146,986)</b>	20,540
Non-controlling interests		<b>8,297</b>	36,195
		<b>(138,689)</b>	56,735
<b>(Loss)/earnings per share for (loss)/profit attributable to owners of the Company</b>	11		
– Basic (HK dollars)		<b>(0.23)</b>	0.03
– Diluted (HK dollars)		<b>(0.23)</b>	0.02

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>(Loss)/profit for the period</b>	<b>(138,689)</b>	56,735
<b>Other comprehensive income:</b>		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	<b>6,879</b>	5,180
<b>Other comprehensive income for the period</b>	<b>6,879</b>	5,180
<b>Total comprehensive income for the period</b>	<b>(131,810)</b>	61,915
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>(140,107)</b>	25,720
Non-controlling interests	<b>8,297</b>	36,195
	<b>(131,810)</b>	61,915



# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

		At 30 June 2022	At 31 December 2021
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties	13	8,528,536	8,498,509
Property, plant and equipment		35,848	40,901
Investments in associates	14	6,621	6,491
Financial assets at fair value through profit or loss	15	1,568,869	1,958,982
Deposits, prepayments and other receivables	16	68,913	69,398
Other financial assets	21	594,449	536,572
Restricted bank deposits	17	1,998	1,769
Deferred tax assets		91,191	90,671
		<b>10,896,425</b>	11,203,293
<b>Current assets</b>			
Properties under development		2,041,097	1,861,601
Deposits, prepayments and other receivables	16	833,254	498,173
Financial instruments held for trading		128,687	324,597
Tax recoverables		15,129	39,912
Restricted bank deposits	17	168,674	161,834
Cash and bank balances		794,899	824,947
		<b>3,981,740</b>	3,711,064
Assets classified as held for sale	18	54,713	1,108,310
		<b>4,036,453</b>	4,819,374
<b>Total assets</b>		<b>14,932,878</b>	16,022,667
<b>Current liabilities</b>			
Other payables and accrued charges		868,291	750,192
Amounts due to shareholders	19	119,264	429,543
Tax payables		5,005	2,547
Borrowings	20	1,211,245	1,864,426
Other financial liabilities	21	147,035	139,009
		<b>2,350,840</b>	3,185,717
<b>Net current assets</b>		<b>1,685,613</b>	1,633,657
<b>Total assets less current liabilities</b>		<b>12,582,038</b>	12,836,950

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

		At 30 June 2022	At 31 December 2021
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Capital and reserves</b>			
Share capital	22	371,191	371,191
Reserves		4,894,492	5,034,825
Equity attributable to owners of the Company		5,265,683	5,406,016
Non-controlling interests		1,875,613	1,901,402
<b>Total equity</b>		<b>7,141,296</b>	7,307,418
<b>Non-current liabilities</b>			
Other payables and accrued charges		28,471	25,065
Amounts due to shareholders	19	902,532	896,770
Borrowings	20	4,251,583	4,291,163
Other financial liabilities	21	205,547	268,758
Deferred tax liabilities		52,609	47,776
		5,440,742	5,529,532
<b>Total equity and non-current liabilities</b>		<b>12,582,038</b>	12,836,950

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

(Unaudited)	Convertible preference shares reserve		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
	Share capital (Note 22)	Preference shares reserve (Note 23)						Company	Company		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 31 December 2021	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)	(146,986)	8,297	(138,689)	
Other comprehensive income	-	-	-	-	-	6,879	-	6,879	-	6,879	
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	6,879	-	6,879	-	6,879	
Total comprehensive income for the period	-	-	-	-	-	6,879	(146,986)	(140,107)	8,297	(131,810)	
Distributions paid to the holders of perpetual bond	-	-	-	-	-	-	(226)	(226)	-	(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	9,874	5,265,663	1,875,613	7,141,296	

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

(Unaudited)	Convertible preference shares reserve		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
	Share capital (Note 22)	(Note 23)						HK\$'000	HK\$'000		
Balance at 31 December 2020	371,191	2,260,565	2,259,504	308,190	20,256	7,394	165,223	5,392,323	1,794,362	7,186,685	
Profit for the period	-	-	-	-	-	-	20,540	20,540	36,195	56,735	
Other comprehensive income	-	-	-	-	-	5,180	-	5,180	-	5,180	
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	5,180	-	5,180	-	5,180	
Total comprehensive income for the period	-	-	-	-	-	5,180	20,540	25,720	36,195	61,915	
Distribution paid to the holder of perpetual bond	-	-	-	-	-	-	(226)	(226)	-	(226)	
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	-	(41,988)	(41,988)	
Balance at 30 June 2021	371,191	2,260,565	2,259,504	308,190	20,256	12,574	185,537	5,417,817	1,788,569	7,206,386	

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
(Loss)/profit before income tax	<b>(115,113)</b>	79,401
Adjustments for:		
Depreciation	<b>8,294</b>	7,688
Changes in fair value of financial instruments held for trading	<b>41,778</b>	(4,241)
Changes in fair value of financial assets at fair value through profit or loss	<b>140,600</b>	(60,354)
Changes in fair value of investment properties	<b>(3,728)</b>	129,297
Gain on disposal of investment properties	<b>(31,142)</b>	(35,064)
Gain on disposal of property, plant and equipment	–	(227)
Provision for impairment loss on financial assets	<b>611</b>	2,029
Share of results of associates	<b>(88)</b>	(498)
Finance costs	<b>182,417</b>	219,044
Interest income	<b>(3,153)</b>	(4,011)
Income from government grant	–	(18,055)
Impairment loss on assets reclassified to assets held for sale	–	3,832
Loss attributable to limited partners and puttable instrument holders	<b>(50,227)</b>	(81,794)
Operating profits before working capital changes	<b>170,249</b>	237,047
Increase in deposits, prepayments and other receivables	<b>(329,520)</b>	(54,463)
Increase in properties under development	<b>(167,535)</b>	(113,046)
(Increase)/decrease in restricted bank deposits	<b>(7,069)</b>	13,071
Decrease/(increase) in financial instruments held for trading	<b>154,132</b>	(63,996)
Increase in other payables and accrued charges	<b>15,139</b>	11,429
Net cash (used in)/generated from operations	<b>(164,604)</b>	30,042
Income tax refund/(paid)	<b>8,885</b>	(7,496)
<b>Net cash (used in)/generated from operating activities</b>	<b>(155,719)</b>	22,546

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	–	(1,058)
Capital expenditure for investment properties	<b>(51,863)</b>	(57,446)
Proceed from disposal of investment properties	<b>1,108,030</b>	520,202
Proceed from disposal of property, plant and equipment	–	5,238
Redemption of unlisted fund investment received	<b>247,495</b>	–
Interest received	<b>2,196</b>	2,847
	<hr/>	<hr/>
<b>Net cash generated from investing activities</b>	<b>1,305,858</b>	469,783
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
New bank borrowings	<b>466,354</b>	154,054
Repayment of bank borrowings	<b>(1,140,977)</b>	(701,372)
Distribution paid to limited partner interests	<b>(61,353)</b>	(46,500)
Repayment of lease liabilities	<b>(9,503)</b>	(8,117)
Interest paid	<b>(101,167)</b>	(144,100)
Advance from amounts due to shareholders	–	737,846
Repayment to shareholders	<b>(311,901)</b>	(368,675)
Distribution paid to non-controlling interests	<b>(34,086)</b>	(41,988)
Distributions paid to the holders of perpetual bond	<b>(226)</b>	(226)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(1,192,859)</b>	(419,078)
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(42,720)</b>	73,251
<b>Cash and cash equivalents at beginning of the period</b>	<b>824,947</b>	1,162,189
Effect of foreign exchange rate changes	<b>12,672</b>	499
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>794,899</b>	1,235,939
	<hr/>	<hr/>
<b>Analysis of the balances of cash and cash equivalents:</b>		
Cash and bank balances	<b>794,899</b>	1,235,939
	<hr/> <hr/>	<hr/> <hr/>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 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 2022 (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 2021 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 2021 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 12 August 2022.

## 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 2021.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 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 2021 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 2021 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 16 to 17.

## 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 2021 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 2022.

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 2022.

2021 Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments and HKFRS 16 Leases
Amendments to HKFRS 3	Reference to the Conceptual Framework

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 2022

## 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 <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>

<sup>1</sup> No mandatory effective date yet determined but available for adoption.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 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.

Specifically, 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 and ancillary service income from leasing of office property and residential condominium which are managed by Gemini-Rosemont Realty LCC ("**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 2022

## 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 2022

	Managed by GR Realty					Elimination	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	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	486,140	-	4,592	-	650	-	491,382
Less: Inter-segment sales	-	-	-	-	1,915	(1,915)	-
Revenue as presented in condensed consolidated income statement	486,140	-	4,592	-	2,565	(1,915)	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)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 4. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2021

	Managed by GR Realty					Elimination	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	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	632,631	-	4,861	-	3,297	-	640,789
Less: Inter-segment sales	-	-	-	-	2,513	(2,513)	-
Revenue as presented in condensed consolidated income statement	632,631	-	4,861	-	5,810	(2,513)	640,789
Segment results	329,247	(1,018)	(3,199)	60,181	5,068		390,279
Interest income from bank deposits							2,847
Depreciation							(7,688)
Provision for impairment loss on financial assets							(2,029)
Finance costs							(219,044)
Unallocated corporate expenses							(84,964)
Profit before income tax							79,401

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 2022

## 4. SEGMENT INFORMATION (Continued)

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

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
<b>Assets</b>		
<b>Segment assets</b>		
– Property investment in the U.S.	<b>10,229,790</b>	10,908,546
– Property development in the U.S.	<b>2,124,525</b>	1,929,641
– Property investment in Hong Kong	<b>429,505</b>	440,063
– Fund investments	<b>1,809,963</b>	2,199,615
– Securities and other investments	<b>217,043</b>	361,900
<b>Unallocated assets</b>	<b>122,052</b>	182,902
<b>Consolidated total assets</b>	<b>14,932,878</b>	16,022,667
<b>Liabilities</b>		
<b>Segment liabilities</b>		
– Property investment in the U.S.	<b>6,854,030</b>	7,508,249
– Property development in the U.S.	<b>529,594</b>	484,542
– Property investment in Hong Kong	<b>2,913</b>	2,910
– Securities and other investments	<b>5,063</b>	5,403
<b>Unallocated liabilities</b>	<b>399,982</b>	714,145
<b>Consolidated total liabilities</b>	<b>7,791,582</b>	8,715,249

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 amounts due to shareholders, unallocated lease liabilities and unallocated other payables and accrued charges.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 5. REVENUE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income	395,209	511,555
Dividend income	650	3,297
Revenue from contracts with customers recognised overtime		
– Ancillary service income to property leasing	95,523	125,937
	<b>491,382</b>	<b>640,789</b>

## 6. OPERATING EXPENSES

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Repairs, maintenance and utilities	97,964	129,771
Property insurance costs	12,871	12,209
Property management expenses	17,019	19,498
Real estate taxes	104,706	148,117
Others	1,514	1,727
	<b>234,074</b>	<b>311,322</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 7. OTHER INCOME, GAINS/LOSSES

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	3,153	4,011
Gain on disposal of investment properties	31,142	35,064
Gain on disposal of property, plant and equipment	–	227
Impairment loss on assets reclassified to assets held for sale	–	(3,832)
Government grant (Note)	–	18,055
Sundry	583	2,654
	<b>34,878</b>	<b>56,179</b>

Note:

Government grant related to the paycheck protection program set up by the U.S. Department of the Treasury for the purpose of providing financial support to enterprises to maintain their payroll and cover applicable overhead. There were no unfulfilled conditions or contingencies relating to this government grant in which it was recognised during the six months ended 30 June 2021.

## 8. ADMINISTRATIVE AND OTHER EXPENSES

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditors' remuneration	2,730	2,617
Depreciation	8,294	7,688
Employee costs	42,192	44,949
Rental expenses on short term leases	739	803
Legal and professional fee	23,500	21,717
Insurances expenses	3,658	4,476
Informative service fee	4,961	4,463
Others	9,862	16,049
	<b>95,936</b>	<b>102,762</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 9. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	177,163	215,932
Interest expenses on lease liabilities	937	3,112
Total interest expenses for financial liabilities that are not measured at fair value through profit or loss	178,100	219,044
Amortisation of arrangement fee	4,317	–
	182,417	219,044

## 10. INCOME TAX

The taxation attributable to the Group's operation comprises:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Overseas tax		
Provision for the period	19,306	5,477
(Over)/under provision in respect of prior years	(304)	2,019
	19,002	7,496
Deferred tax expenses	4,574	15,170
Income tax	23,576	22,666

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 10. INCOME TAX (Continued)

No Hong Kong profits tax was provided for the six months ended 30 June 2022 and 2021 as the Group has no estimated assessable profit for the period.

All of the Group's People's Republic of China ("PRC") subsidiaries are subject to the PRC Enterprise Income Tax ("EIT") rate at 25% for the period (six months ended 30 June 2021: 25%). No PRC EIT was provided for the six months ended 30 June 2022 and 2021 as there was no assessable income for the period.

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

## 11. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the adjusted loss for the period attributable to owners of the Company of approximately HK\$147,212,000 (six months ended 30 June 2021: adjusted profit of approximately HK\$20,314,000) and on the weighted average number of ordinary shares of 635,570,000 (six months ended 30 June 2021: 635,570,000) in issue during the period.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company	(146,986)	20,540
Less: Distributions paid to the holders of perpetual bond during the period	(226)	(226)
Adjusted (loss)/profit attributable to owners of the Company	(147,212)	20,314

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 11. (LOSS)/EARNINGS PER SHARE (*Continued*)

### (b) Diluted (loss)/earnings per share

No adjustment was made to basic loss per share amount presented for the six months ended 30 June 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.

For the six months ended 30 June 2021, the calculation of the diluted earnings per share is based on the adjusted profit attributable to owners of the Company as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of diluted earnings per share are based on:

	<b>30 June 2021</b>
	<b>HK\$'000</b>
	<b>(Unaudited)</b>
Adjusted profit attributable to owners of the Company, used in the basic earnings per share calculation	<u><u>20,314</u></u>
	<b>30 June 2021</b>
	<b>Number of</b>
	<b>shares</b>
	<b>(Unaudited)</b>
<b>Shares</b>	
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>635,570,000</b>
Effect of dilution – weighted average number of ordinary shares: Convertible preference shares	<u><u>377,167,000</u></u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u><u>1,012,737,000</u></u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 12. INTERIM DIVIDEND

The board of directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2021: Nil).

## 13. INVESTMENT PROPERTIES

The Group's investment properties comprise:

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Properties in Hong Kong	<b>429,160</b>	439,690
Properties in the U.S.	<b>8,099,376</b>	8,058,819
	<b>8,528,536</b>	8,498,509

Notes:

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

The revaluation of investment properties during the current period gave rise to a net profit arising from changes in fair value of approximately HK\$3,728,000 (six months ended 30 June 2021: net loss of approximately HK\$129,297,000) which has been recognised in profit or loss. Approximately 76% (31 December 2021: approximately 72%) of the investment properties of the Group are rented out under operating leases as at 30 June 2022.

As at 30 June 2022, investment properties of approximately HK8,330,699,000 (31 December 2021: approximately HK\$7,816,898,000) were pledged as collateral for bank borrowings of approximately HK\$4,664,552,000 (31 December 2021: approximately HK\$4,647,150,000) as disclosed in Note 20.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 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.

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
At the beginning of the period/year	<b>8,498,509</b>	11,363,561
Capital expenditure	<b>51,863</b>	122,755
Disposal during the period/year	<b>(22,755)</b>	(1,786,583)
Changes in fair value	<b>3,728</b>	(150,799)
Transferred to assets classified as held for sale (Note 18)	<b>(54,713)</b>	(1,108,310)
Exchange realignment	<b>51,904</b>	57,885
	<hr/>	<hr/>
At the end of the period/year	<b>8,528,536</b>	8,498,509
	<hr/> <hr/>	<hr/> <hr/>

- (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:

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
At the beginning of the period/year	<b>807</b>	94,664
Disposal during the year	–	(40,466)
Changes in fair value	–	6
Transferred to assets classified as held for sale	<b>(807)</b>	(53,630)
Exchange realignment	–	233
	<hr/>	<hr/>
At the end of the period/year	–	807
	<hr/> <hr/>	<hr/> <hr/>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 14. INVESTMENTS IN ASSOCIATES

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
At the beginning of the period/year	<b>6,491</b>	5,393
Share of results	<b>88</b>	1,063
Exchange realignment	<b>42</b>	35
	<b>6,621</b>	6,491

Details of the Group's interest in associates are as follows:

Name of associates	Form of business structure	Place of business/country of incorporation	Percentage of ownership interests/voting rights		Principal activities
			30 June 2022	31 December 2021	
Pyramid Plaza Member, LLC	Limited liability company	The U.S	<b>4.38%</b>	4.38%	Investment holding
BIG Pyramid Plaza, LLC	Limited liability company	The U.S	<b>1.73%</b>	1.73%	Investment holding
BIG One American Place, LLC	Limited liability company	The U.S	<b>2.82%</b>	2.82%	Investment holding
One American Place Member, LLC	Limited liability company	The U.S	<b>1.34%</b>	1.34%	Investment holding
Gemini Business Consultancy Palo Alto LLC	Limited liability company	The U.S	<b>25%</b>	25%	Dormant

All associates are considered as immaterial associates of the Group and are accounted for using the equity method. The aggregate carrying amount of the interest in all individually immaterial associates is approximately US\$844,000 (equivalent to approximately HK\$6,621,000) (31 December 2021: approximately US\$832,000 (equivalent to approximately HK\$6,491,000)).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Unlisted equity investments (Note (a))	<b>47</b>	82
Other assets (Note (b))	<b>8,400</b>	6,810
Unlisted fund investments (Note (c))	<b>1,560,422</b>	1,952,090
	<b>1,568,869</b>	1,958,982

The fair value of these investments as at 30 June 2022 and 31 December 2021, 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) At the end of the reporting period, the fair value of the Group's investment in unlisted equity securities issued by a private equity incorporated outside Hong Kong was approximately RMB41,000 (equivalent to approximately HK\$47,000) (31 December 2021: approximately RMB67,000 (equivalent to approximately HK\$82,000)).
- (b) 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\$8,400,000 (31 December 2021: HK\$6,810,000).

As at 30 June 2022 and 31 December 2021, the fair value measurement of the financial assets at fair value through profit or loss (i.e. unlisted equity investments and other assets) as mentioned above was categorised within level 3 of the fair value hierarchy.

- (c)(i) As at 31 December 2021, the Group held approximately 151,000 participating redeemable preference shares in a sub-fund of an investment entity incorporated in the Cayman Islands (the "**Sub-Fund**"). The Sub-Fund invested the collected funds to generate positive returns in all market conditions by employing multi-strategy investment approach, to invest in, but not limited to, Asia Pacific equity by employing bottom-up approach and to invest in both long and short term assets of different classes. The fair value of participating redeemable preference shares of the Sub-Fund held by the Group as at 31 December 2021 was approximately HK\$279,028,000. During the six months ended 30 June 2022, the participating redeemable preference shares in the Sub-Fund were fully redeemed.

As at 31 December 2021, the fair value measurement of the financial assets at fair value through profit or loss (i.e. unlisted fund investments) as mentioned in Note (c)(i) above was categorised within level 2 of the fair value hierarchy.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

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

Notes: *(Continued)*

- (c)(ii) At the end of the reporting period, the Group held approximately 1,012,000 (31 December 2021: approximately 1,012,000) non-redeemable, non-voting participating shares of the Neutron Property Fund Limited (the “**Property Fund**”), which incorporated in Cayman Islands and approximately 637,000 (31 December 2021: approximately 637,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the “**Private Equity Fund**”). The fair value of the investments in the Property Fund and the Private Equity Fund as at 30 June 2022 was approximately HK\$475,981,000 (31 December 2021: approximately HK\$475,453,000) and approximately HK\$526,159,000 (31 December 2021: approximately HK\$529,614,000) respectively.

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

The investment objective of the Private Equity Fund is to achieve medium to long term capital appreciation through investing in one or more collective investment schemes that invest predominantly in real estate and related investments in the U.S., Europe, Japan and/or Australia.

- (c)(iii) 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 for a total amount of US\$60,000,000 (equivalent to approximately HK\$465,000,000) as a limited partner to PRB Fund. As at 30 June 2022, the fair value of the investments in the PRB Fund was approximately HK\$558,282,000 (31 December 2021: approximately HK\$667,995,000).

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

As at 30 June 2022 and 31 December 2021, the Group has no outstanding commitments to make capital contribution.

As at 30 June 2022 and 31 December 2021, the fair value measurement of the financial assets at fair value through profit or loss (i.e. unlisted fund investments) as mentioned in Notes (c)(ii) and (c)(iii) above was categorised within level 3 of the fair value hierarchy.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Service income receivables	<b>12,543</b>	10,663
Rental receivables	<b>6,797</b>	10,815
Accrued rental income receivables	<b>99,984</b>	88,850
Other receivables	<b>110,530</b>	97,711
Earnest deposits (Note (a))	<b>392,405</b>	81,879
Receivables of fund redemptions (Note (b))	<b>249,513</b>	247,495
Prepayments and deposits	<b>30,395</b>	30,158
	<b>902,167</b>	567,571
Classified as:		
Current assets	<b>833,254</b>	498,173
Non-current assets	<b>68,913</b>	69,398
	<b>902,167</b>	567,571

Notes:

- (a) 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..
- (b) During the six months ended 30 June 2022, the Group redeemed part of its participating redeemable preference shares in financial assets at fair value through profit or loss as disclosed in Note 15(c)(i). The receivables of fund redemptions are unsecured and interest free.

## 17. RESTRICTED BANK DEPOSITS

As at 30 June 2022, restricted bank deposits represented pledged bank deposits amounted to approximately HK\$50,549,000 (31 December 2021: approximately HK\$17,549,000) and escrow and reserves of approximately HK\$120,123,000 (31 December 2021: approximately HK\$146,054,000). Certain pledged bank deposits amounted to approximately HK\$48,551,000 (31 December 2021: approximately HK\$15,780,000) were classified as current assets and the remaining balance of pledged bank deposits of approximately HK\$1,998,000 (31 December 2021: approximately HK\$1,769,000) were classified as non-current assets as at 30 June 2022.

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 2022

## 18. ASSETS CLASSIFIED AS HELD FOR SALE

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

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Investment properties (Note)	<b>54,713</b>	1,108,310

Note:

During the six months ended 30 June 2022, the Group entered into one (31 December 2021: four) sale agreement with independent third parties to sell investment properties with a total consideration of approximately HK\$56,506,000 (31 December 2021: approximately HK\$1,132,426,000). The fair values of the investment properties classified as held for sale of nil (31 December 2021: approximately HK\$166,297,000) and approximately HK\$54,713,000 (31 December 2021: approximately HK\$942,013,000) has been arrived on the market comparison approach and the income capitalisation approach carried out by the management as disclosed in Note 13.

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

As at 30 June 2022, investment properties in assets classified as held for sale of approximately HK\$54,713,000 (31 December 2021: approximately HK\$942,013,000) were pledged as collateral for bank borrowings of approximately HK\$35,556,000 (31 December 2021: approximately HK\$670,945,000) (Note 20).

The investment properties classified as assets held for sale as at 31 December 2021 amounted to approximately HK\$1,108,310,000 were disposed during the period.

## 19. AMOUNTS DUE TO SHAREHOLDERS

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Current liabilities		
Sino-Ocean Group Holding Limited ("Sino-Ocean") (Note (a))	<b>119,264</b>	429,543
Non-current liabilities		
Grand Beauty Management Limited ("Grand Beauty") (Note (b))	<b>902,532</b>	896,770

Notes:

- (a) The amount due is unsecured, interest-free and repayable on demand.
- (b) 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\$250,429,000 (31 December 2021: approximately HK\$226,635,000) is included in other payables and accrued charges.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 20. BORROWINGS

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Lease liabilities (Note (a))		
Within 1 year	<b>13,788</b>	14,173
After 1 year but within 2 years	<b>8,596</b>	12,279
After 2 years but within 5 years	<b>5,158</b>	7,161
Over 5 years	<b>193</b>	53,674
	<b>27,735</b>	87,287
Bank loans and revolving loans (Note (b))		
Within 1 year	<b>848,816</b>	1,654,964
After 1 year but within 2 years	<b>222,180</b>	264,005
After 2 years but within 5 years	<b>3,092,023</b>	2,684,950
Over 5 years	<b>619,937</b>	714,176
	<b>4,782,956</b>	5,318,095
Notes payable (Note (c))		
Within 1 year	<b>348,641</b>	195,289
After 1 year but within 2 years	<b>18,930</b>	203,490
After 2 years but within 5 years	<b>284,566</b>	351,428
	<b>652,137</b>	750,207
Total borrowings	<b>5,462,828</b>	6,155,589
Amount due within 1 year included under current liabilities	<b>(1,211,245)</b>	(1,864,426)
	<b>4,251,583</b>	4,291,163

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 20. BORROWINGS (Continued)

Notes:

(a) Lease liabilities:

Future lease payments are due as follows:

	Minimum lease payments	Interest	Present value
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
<b>As at 30 June 2022</b>			
Within 1 year	14,785	997	13,788
After 1 year but within 2 years	9,007	411	8,596
After 2 years but within 5 years	5,322	164	5,158
Over 5 years	198	5	193
	<b>29,312</b>	<b>1,577</b>	<b>27,735</b>

	Minimum lease payments	Interest	Present value
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
<b>As at 31 December 2021</b>			
Within 1 year	17,958	3,785	14,173
After 1 year but within 2 years	15,412	3,133	12,279
After 2 years but within 5 years	12,488	5,327	7,161
Over 5 years	178,784	125,110	53,674
	<b>224,642</b>	<b>137,355</b>	<b>87,287</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 20. BORROWINGS (Continued)

Notes: (Continued)

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

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
HK\$	<b>210,000</b>	210,000
U.S. dollars	<b>4,572,956</b>	5,108,095
	<b>4,782,956</b>	5,318,095

The bank loans and revolving loans amounted to approximately HK\$4,782,956,000 (31 December 2021: approximately HK\$5,318,095,000) were secured by way of legal charges over certain of the Group's investment properties (Note 13), pledged bank deposits (Note 17), assets classified as held for sale (Note 18), properties under development 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

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Non-current assets		
Limited partner interests (Note (a))	<b>549,449</b>	536,572
Current liabilities		
Interests of Class B members with put option (Note (b))	<b>147,035</b>	139,009
Non-current liabilities		
Limited partner interests (Note (a))	<b>205,547</b>	268,758



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

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

Notes:

- (a) 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. 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 the subsidiary. The allocation represent the change in the liquidation value of the subsidiary which is composed of the finance costs in form of distributions to the non GR Realty interests, income or expenses allocated to non-controlling interest (equity) and the residual movement year over year.

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 2022, the loss allocated to the limited partners amounted to approximately HK\$57,337,000 (six months ended 30 June 2021: approximately HK\$81,919,000) and recognised as loss attributable to limited partners and puttable instrument holders in the condensed consolidated income statements.

- (b) GR Realty has three authorised classes of units and the Class A units are owned by the Group and the Property Fund, Class B units are owned by the Property Fund and Garfield Group Partners LLC, and Class C units are owned by Rosemont Realty, LLC. As a result of the agreement entered into by the Group and other members of GR Realty on 31 July 2020, the Group has obtained the control in GR Realty.

Each of the Class B members has an option to sell all or any portion of the Class B units to GR Realty, at the purchase price representing their fair value as determined by a qualified appraiser. Accordingly, the interests of Class B members with a put option are classified as current liabilities in the condensed consolidated statement of financial position of the Group.

The fair value of interests of Class B members with a put option was approximately US\$18,735,000 (equivalent to approximately HK\$147,035,000) at 30 June 2022 (31 December 2021: approximately US\$17,826,000 (equivalent to approximately HK\$139,009,000)). The profit from change in fair value of the interests of Class B members with a put option was approximately US\$909,000 (equivalent to approximately HK\$7,110,000) for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately US\$16,000 (equivalent to approximately HK\$125,000)), and was included as loss attributable to limited partners and puttable instrument holders in the condensed consolidated income statement.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 22. SHARE CAPITAL

	30 June 2022		31 December 2021	
	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 2022 and 31 December 2021, Grand Beauty and Estate Spring International Limited (“**Estate Spring**”) directly owned approximately 24.86% and 39.86% issued ordinary shares of the Company respectively. Grand Beauty is an indirect wholly-owned subsidiary of Sino-Ocean.

## 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 2022

## 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 2022

## 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 difference between the fair value of the Adjusted CPSs of approximately HK\$77,301,000 and its carrying amount of approximately HK\$610,399,000 at the Effective Date was recognised as "Other reserve" included in "Reserves" and as presented in the Group's condensed consolidated statement of changes in equity.

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. The balance of HK\$533,098,000 recorded in the "Other reserve" was also reclassified as convertible preference shares reserve after the Expiry of Adjustments.

### 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 2022

## 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 2022

## 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 parent 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\$659.6 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 during the six months ended 30 June 2022.

During the six months ended 30 June 2022, the Company paid distributions to the holders of perpetual bond amounted to approximately HK\$226,000 (six months ended 30 June 2021: approximately HK\$226,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 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 months to eight years (31 December 2021: two months to nine 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:

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>737,147</b>	950,605
After 1 years but within 2 years	<b>643,676</b>	791,437
After 2 years but within 3 years	<b>572,371</b>	673,550
After 3 years but within 4 years	<b>470,941</b>	585,782
After 4 years but within 5 years	<b>382,734</b>	447,043
After 5 years	<b>552,837</b>	767,416
	<b>3,359,706</b>	4,215,833

## 26. CAPITAL COMMITMENTS

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

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Properties under development	<b>160,751</b>	263,435

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 27. RELATED PARTY TRANSACTIONS

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2022 was approximately HK\$2,182,000 (six months ended 30 June 2021: approximately HK\$2,117,000).

In addition to those related party transactions disclosed elsewhere in the Interim Financial Statements, the Group entered into the following transactions with its related parties during the period. The transactions were carried out at estimated market prices as determined by the Group's management.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Transactions with a shareholder:		
– Interest expenses (Note)	<b>22,266</b>	22,208

Note:

As at 30 June 2022 and 31 December 2021, as described in Note 19, amount due to a shareholder of US\$115,000,000 (equivalent to approximately HK\$902,532,000) (31 December 2021: US\$115,000,000 (equivalent to approximately HK\$896,770,000)) in aggregate are interest-bearing at rate of 4.25% (31 December 2021: 4.25%) per annum. The interest expenses incurred for the amount due to a shareholder for the period was approximately HK\$22,266,000 (six months ended 30 June 2021: approximately HK\$22,208,000).

## 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).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 28. FAIR VALUE MEASUREMENT (Continued)

<b>(Unaudited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>As at 30 June 2022</b>				
Financial assets at fair value through profit or loss				
– Unlisted equity investments (Note (i))	–	–	47	47
– Others (Note (ii))	–	–	8,400	8,400
– Unlisted fund investments (Notes (i) and (iii))	–	–	1,560,422	1,560,422
– Financial instruments held for trading (Note (ii))	128,687	–	–	128,687
– Limited partner interests (Note (iv))	–	–	594,449	594,449
	<b>128,687</b>	<b>–</b>	<b>2,163,318</b>	<b>2,292,005</b>
Financial liabilities at fair value through profit or loss				
– Interests of Class B members with put option (Note (iv))	–	–	147,035	147,035
– Limited partner interests (Note (iv))	–	–	205,547	205,547
	<b>–</b>	<b>–</b>	<b>352,582</b>	<b>352,582</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 28. FAIR VALUE MEASUREMENT (Continued)

	Level 1	Level 2	Level 3	Total
(Audited)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2021				
Financial assets at fair value through profit or loss				
– Unlisted equity investments (Note (i))	–	–	82	82
– Others (Note (ii))	–	–	6,810	6,810
– Unlisted fund investments (Notes (i), (ii) and (iii))	–	279,028	1,673,062	1,952,090
– Financial instruments held for trading (Note (ii))	324,597	–	–	324,597
– Limited partner interests (Note (iv))	–	–	536,572	536,572
	<u>324,597</u>	<u>279,028</u>	<u>2,216,526</u>	<u>2,820,151</u>
Financial liabilities at fair value through profit or loss				
– Interests of Class B members with put option (Note (iv))	–	–	139,009	139,009
– Limited partner interests (Note (iv))	–	–	268,758	268,758
	<u>–</u>	<u>–</u>	<u>407,767</u>	<u>407,767</u>

During the six months ended 30 June 2022 and the year ended 31 December 2021, 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 2022

## 28. FAIR VALUE MEASUREMENT (Continued)

Notes:

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

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
At the beginning of period/year	<b>1,679,954</b>	1,661,411
Fair value change recognised in profit or loss	<b>(111,085)</b>	18,543
At the end of period/year	<b>1,568,869</b>	1,679,954

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

Certain financial assets at fair value through profit or loss and the financial instruments held for trading are measured subsequent to initial recognition at fair value and grouped into Level 2 and Level 1 respectively. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of those financial assets at fair value through profit or loss (Note 15(c)(ii)) in Level 2 is the share of the net assets value of the funds at the end of the reporting period, taking into account the quoted price of the listed equity securities held by the funds.

As at 30 June 2022, the fair values of financial assets at fair value through profit or loss grouped into level 2 and financial instruments held for trading grouped into level 1 are nil (31 December 2021: approximately HK\$279,028,000) and approximately HK\$128,687,000 (31 December 2021: approximately HK\$324,597,000) respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 28. FAIR VALUE MEASUREMENT (Continued)

Notes: (Continued)

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

Nature of financial assets	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted equity and fund investments which principally invested in residential and commercial real estate	Asset-based approach	Discount/premium of quality of properties (e.g. view, level, size and condition of the properties)	-15% – 17%	Had the discount decreased by 10%, the fair value would have increased by approximately HK\$17,164,000. Had the discount increased by 10%, the fair value would have decreased by approximately HK\$17,164,000.
Unlisted equity and fund investments which invests in real estate project	Asset-based approach	Discount/premium of quality of properties (e.g. location, view, size, condition and time of the properties)	-20% – 20%	Had the discount decreased by 10%, the fair value would have increased by approximately HK\$89,091,000. Had the discount increased by 10%, the fair value would have decreased by approximately HK\$89,091,000.

(iv) The fair value of interest of Class B members with put option 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 Class B is interested.

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 as disclosed in Note 13, including the discount rate and the terminal capitalisation rate.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 28. FAIR VALUE MEASUREMENT *(Continued)*

Notes: *(Continued)*

(iv) *(Continued)*

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:

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
At the beginning of period/year	<b>128,805</b>	(105,817)
Settlement of limited partner interests	<b>61,353</b>	48,056
Loss attributable to limited partners and puttable instrument holders	<b>50,227</b>	186,386
Exchange realignment	<b>1,482</b>	180
	<hr/>	<hr/>
At the end of period/year	<b>241,867</b>	128,805

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 2022, 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 2022 (the "**2022 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 2022, 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 2022 (Note 1)
Sino-Ocean Group Holding Limited (" <b>Sino-Ocean</b> ")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Shine Wind Development Limited (" <b>Shine Wind</b> ")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Faith Ocean International Limited (" <b>Faith Ocean</b> ")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Sino-Ocean Land (Hong Kong) Limited (" <b>SOL HK</b> ")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Grand Beauty Management Limited (" <b>Grand Beauty</b> ")	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 2022 (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 2022 (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 2022. 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 2022, 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 2022 Interim Period, the Company has complied with all 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 2022 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 2022 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 2022 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 2021 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 2022 Interim Period.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient amount of public float for its ordinary shares as required under the Listing Rules throughout the 2022 Interim Period.

On behalf of the Board

**LAI Kwok Hung, Alex**

*Executive Director and Chief Executive Officer*

12 August 2022

# 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)*

Bank of Communications  
(Hong Kong) Limited  
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

Room 3902, 39th Floor  
Tower One, Lippo Centre  
No. 89 Queensway  
Hong Kong

## LISTING INFORMATION

The Stock Exchange of Hong Kong Limited  
Stock Code: 174

## COMPANY WEBSITE

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