



Interim Report **2011/12**



GOLDIN FINANCIAL HOLDINGS LIMITED
高銀金融(集團)有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 530)

* For identification purposes only

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CORPORATE INFORMATION

Non-executive Director and Chairman of the Board

Mr. Pan Sutong

Executive Directors

Mr. Wong Hau Yan, Helvin
Mr. Lee Chi Chung, Harvey
Mr. Zhou Dengchao
Ms. Hou Qin

Non-executive Director

Mr. Huang Xiaojian

Independent Non-executive Directors

Mr. Tso Hon Sai, Bosco
Ms. Hui Wai Man, Shirley
Ms. Tang Yiu Wing

Audit Committee

Ms. Hui Wai Man, Shirley
(Chairman of Audit Committee)
Mr. Tso Hon Sai, Bosco
Ms. Tang Yiu Wing

Company Secretary

Mr. Wong Hau Yan, Helvin

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Principal Place of Business

23/F., Two International Finance Centre
8 Finance Street, Central
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

Share Registrar and Transfer Offices

Principal:

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Hong Kong Branch:

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

Stock Code

530

Website

www.goldinfinancial.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board"), I hereby present to the shareholders the interim results of Goldin Financial Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 31 December 2011.

Management Discussion and Analysis

Results

During the six months ended 31 December 2011, the Group's turnover from continuing operations was approximately HK\$98.5 million (the corresponding period in 2010: HK\$160.9 million), representing an decrease of 38.8% when compared to the corresponding period in 2010. The decrease is mainly due to the drop in revenue from wine business as a result of our shift of focus from wine trading to wine production after the acquisition of the vineyard and wine production facilities in US. The loss attributable to shareholders of the Company was approximately HK\$20.9 million, narrowed by 91% compared to the corresponding period in 2010, which is mainly due to the loss in the financial investment segment, partially offset by the Group's share of the fair value increase of its investment property under construction.

As reported in our last annual report, the Group has been pursuing opportunities in the global wine business and during the period under review, we won a land tender for a plot land located in Kowloon Bay with a developable gross floor area of 79,200 square meters. We plan to build a commercial complex on the land and it is expected that the complex will be completed in 2015 and bring considerable profit for the Group.

The Board considers that the overall financial condition of the Group is sound and healthy.

Business Review

During the review period, the Group had been continuously searching for business opportunities and developing new profit generators.

Our factoring business remained stable, and considerable resources have been allocated for the newly-developed business segments including property development and wine business.

Factoring Business

The Group successfully stepped into the China factoring market in 2010 and the factoring business reported a steady growth for the review period as the demand for international trading remained strong.

During the review period, the factoring segment recorded a total revenue of approximately HK\$60.7 million, representing an increase of 1% from the corresponding period in 2010 (2010: HK\$60.1 million). Profit from this segment for the period amounted to approximately HK\$45.6 million, representing a decrease of 6% as compared to the same period in 2010 (2010: HK\$48.6 million), which is mainly due to the slight increase in operating expenses of our China factoring practice.

Wine Business

During the review period, we continued to develop our wine business to capture the potential growth and strengthen our position in the wine industry. As reported in our last annual report, the Group acquired a 40-acre vineyard located in Napa Valley, California, the United States of America in June 2011, and the Group further purchased the three business trademarks of "SLOAN", "SLOAN ESTATE" and "ASTERISK" in July 2011, as well as the customer list from the former owners of the vineyard.

For the six months ended 31 December 2011, the turnover from the wine investment and trading amounted to HK\$37.8 million and net profit of this segment was HK\$11.8 million. During the six months ended 31 December 2011, the vineyard has been under operation for production of the Group's own wines, which will be put in the market for sale in the coming years. We expect to continue to invest in the wine business segment and further enlarge the output to meet the growing market demand.

Property Business

In July 2011, the Group formed a joint venture company and succeeded in the tender for a plot of land located in the prime area of Kowloon Bay with a maximum gross floor area of 79,200 square meters. Experienced professionals with relevant expertise have been engaged for the development. We expect to develop a landmark commercial building and aim at having it completed by 2015 with offices targeting at attracting multinational tenants.

According to the 2010-11 Policy Address, the Hong Kong Government will be building a core business district at Kowloon East area. A monorail will also be constructed in the area to complement the MTR. The Group believes that Kowloon Bay will enjoy massive development prospects.

Total consideration of the land was HK\$3,432.2 million, of which 60%, or HK\$2,059.3 million, was paid by the Group in accordance with our 60% share of interest in the joint venture company. The Group fulfilled its funding requirement by both internal funds and a loan from the controlling shareholder, Goldin Global Holdings Limited ("GGH"). The remaining 40% of the consideration was satisfied by our joint venture partner for the bidding.

During the period under review, unsecured loan facility of US\$300 million (equivalent to approximately HK\$2,331 million) was granted by the Company's major shareholder, GGH to the Group in August 2011 for the sole purpose of developing the Group's property business. As at 31 December 2011, US\$122 million was utilized for acquisition of land and remaining US\$178 million (equivalent to approximately HK\$1,383 million) is available for future drawing.

During the review period, a fair value increase of HK\$229.4 million is recorded in related to the property under construction (2010: Nil).

Financial Investment

For the six months ended 31 December 2011, the Group recorded a net loss of approximately HK\$173.2 million from the financial investment segment when compared to the net loss of HK\$303.8 million in the corresponding period in 2010.

During the review period, the global economic environment remains very unstable due to the unresolved European sovereign debt crisis. The downgrade of sovereign rating of the US by Standard & Poor in early August 2011 triggered the global stock market disaster. The market values of the financial instruments held by the Group also declined sharply. Under such circumstances, the Group decided to adopt a more prudent investment strategy and has disposed of all of its US and Europe stocks, and invested the proceeds into its property project development. The Group temporarily does not plan to invest in the stock market in the near future and will continue to monitor Group's investments cautiously.

Financial Review

Liquidity, Financial Resources and Gearing

As at 31 December 2011, the Group's working capital amounted to approximately HK\$177.9 million (30 June 2011: HK\$2,199.9 million), and cash and bank balances amounted to HK\$63.7 million (30 June 2011: HK\$1,731.2 million). The significant drop in the working capital and cash and bank balance are mainly due to the funds used in the acquisition and development of wine business and property business.

As at 31 December 2011, the Group has an outstanding loan from GGH of approximately HK\$947.8 million (30 June 2011: Nil) and undrawn borrowing facilities from GGH amounted to US\$178 million (equivalent to approximately HK\$1,383 million) (30 June 2011: Nil). The Group had also take up a loan from a non-controlling shareholder of a subsidiary amounted to HK\$1,372.9 million for financing the acquisition of the land in Kowloon Bay. On the other hand, the Group has fully settled its other borrowing (30 June 2011: HK\$557.6 million). The gearing ratio, measured in terms of total borrowings divided by total equities, was approximately 77.8% as at 31 December 2011 (30 June 2011: approximately 19.1%).

Foreign Exchange

The key operations of the Group are located in Hong Kong, PRC and USA. The Group's assets and liabilities are mainly denominated in HK dollars and US dollars. The Group has not established foreign currency hedging policy and will continue to monitor foreign exchange exposure and consider hedging significant currency exposures should the need arise.

Contingent Liabilities

The Group does not have any contingent liabilities as of 31 December 2011.

Pledge of Assets

There were no pledge on the Group's assets as at 31 December 2011. At 30 June 2011, the Group available-for-sale investment HK\$291.7 million and financial assets at fair value through profit or loss of HK\$580.3 million were pledged to a financial institution to secure margin financing facilities provided to the Group.

Prospects

Looking ahead, we are going to meet more challenges and opportunities of our business segments.

First of all, the Group's factoring business is expected to receive steady growth in 2012 by providing quality fund financing services to various Hong Kong and Mainland enterprises.

In addition to the development and construction works in our property development project at Kowloon Bay has begun this year, the Group will keep exploring new property development opportunities in Hong Kong.

Meanwhile, the Group will continue to expand its wine business and increase the vineyard's output for sale, which is expected to become another revenue generator for the Group in coming years.

Amid the very challenging environment, the Group will keep abreast of the market trend and be especially discrete when evaluating investment projects. We also continue to explore the strategic partners for any co-operation, and to bring value and opportunities to our shareholders in order to maximize the shareholders' return.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our management and all colleagues for their valuable contribution to the Group. Moreover, I would also like to express appreciation to our valued shareholders, customers and business partners who have stood by the Group.

On behalf of the Board
Goldin Financial Holdings Limited
Pan Sutong
Chairman

Hong Kong, 27 February 2012

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim Dividend

The directors of the Company (the “Directors”) have resolved not to declare interim dividend for the six months ended 31 December 2011 (2010: Nil).

Directors’ and Chief Executives’ Interests in Securities

As at 31 December 2011, the directors and chief executives of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules:

Long position interests in the shares and underlying shares of the Company:

Name of director	Number of ordinary shares of HK\$0.10 each held				Total	Percentage holdings (Note ii)
	Personal interests	Corporate interests	Other interests	Number of underlying shares held under equity derivatives (Note i)		
Mr. Pan Sutong	148,595,000	2,184,475,800 (Note iii)	—	—	2,333,070,800	70.25
Mr. Wong Hau Yan, Helvin	—	—	—	3,000,000	3,000,000	0.09
Mr. Zhou Dengchao	1,000,000	—	—	3,000,000	4,000,000	0.12
Ms. Hou Qin	1,560,000	—	—	3,000,000	4,560,000	0.14

Notes:

- (i) The interests in the underlying shares represented share options granted by the Company to these directors as beneficial owners, the details of which are set out in the section below headed “SHARE OPTION SCHEME”

- (ii) The percentage of interest in the issued share capital was calculated on the basis of 3,321,209,520 shares of the Company in issue at 31 December 2011.
- (iii) The 2,184,475,800 shares of the Company comprise 2,141,085,800 shares in the Company and 43,390,000 shares in the Company held by Goldin Global Holdings Limited ("GGH") and Clear Jade International Limited respectively which are wholly and beneficially owned by Mr. Pan Sutong ("Mr. Pan"), a non-executive Director and the chairman of the Board.

GGH is a wholly owned subsidiary and hence a controlled corporation of Goldin Investment Holdings Limited ("Goldin Investment"). Goldin Investment is a wholly owned subsidiary and hence a controlled corporation of Goldin Real Estate Financial Holdings Limited ("Goldin Real Estate Financial"). Goldin Real Estate Financial is wholly and beneficially owned by Mr. Pan.

Save as disclosed above, as at 31 December 2011, none of the directors or chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

Substantial Shareholders and other Persons' Interests in Securities

As at 31 December 2011, the following persons (other than any directors or chief executives of the Company) were substantial shareholders of the Company (as defined in the Listing Rules) and had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder (Note i)	Nature of interest	Number of shares/underlying shares interested or deemed to be interested	Percentage to the issued share capital of the Company (Note ii)
Goldin Global Holdings Limited	Beneficial owner	2,141,085,800	64.47
Goldin Investment Holdings Limited	Interest of controlled corporation	2,141,085,800	64.47
Goldin Real Estate Financial Holdings Limited	Interest of controlled corporations	2,141,085,800	64.47

Notes:

- (i) Goldin Global Holdings Limited is a wholly owned subsidiary and hence a controlled corporation of Goldin Investment Holdings Limited ("Goldin Investment"). Goldin Investment is a wholly owned subsidiary and hence a controlled corporation of Goldin Real Estate Financial Holdings Limited ("Goldin Real Estate Financial"). Goldin Real Estate Financial is wholly and beneficially owned by Mr. Pan Sutong, a non-executive director of the Company and the chairman of the Board whose interests in the shares of the Company are disclosed in the paragraph entitled "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES" above.
- (ii) The percentage of interest in the issued share capital was calculated on the basis of 3,321,209,520 shares of the Company in issue at 31 December 2011.

Save as disclosed above, as at 31 December 2011, the Company had not been notified of any other persons (other than any directors or chief executives of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Share Option Scheme

The share option scheme of the Company (the "Scheme") was adopted on 28 January 2004, options were granted to any participants as described in the Scheme entitling them to subscribe for shares of HK\$0.10 each in the capital of the Company. The purpose of the Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees.

Details of movements in the options under the Scheme during the period and options outstanding as at the beginning and end of the period are set out below:

Name of participant	Grant date (dd.mm.yyyy)	Exercise price per share (HK\$)	Exercisable period (dd.mm.yyyy)	Number of share options				
				As at 1 July 2011	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period	As at 31 December 2011
Directors								
Mr. Wong Hau Yan, Helvin	22.7.2009	0.654	22.1.2010 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2011 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2012 to 21.7.2019	1,000,000	—	—	—	1,000,000
Mr. Zhou Dengchao	22.7.2009	0.654	22.1.2010 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2011 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2012 to 21.7.2019	1,000,000	—	—	—	1,000,000
Ms. Hou Qin	22.7.2009	0.654	22.1.2010 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2011 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2012 to 21.7.2019	1,000,000	—	—	—	1,000,000
Employees and others in aggregate (including directors of certain subsidiaries)								
	22.7.2009	0.654	22.7.2009 to 21.7.2019	3,000,000	—	—	—	3,000,000
	22.7.2009	0.654	22.1.2010 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2011 to 21.7.2019	1,000,000	—	—	—	1,000,000
	22.7.2009	0.654	22.1.2012 to 21.7.2019	1,000,000	—	—	—	1,000,000
	23.7.2009	0.652	23.7.2009 to 22.7.2019	1,000,000	—	—	—	1,000,000
	23.7.2009	0.652	23.1.2010 to 22.7.2019	7,145,000	—	—	—	7,145,000
	23.7.2009	0.652	23.1.2011 to 22.7.2019	7,605,000	—	—	—	7,605,000
	23.7.2009	0.652	23.1.2012 to 22.7.2019	10,300,000	—	40,000	—	10,260,000
				41,050,000	—	40,000	—	41,010,000

Purchase, Sale or Redemption of the Company's Listed Securities

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Code on Corporate Governance Practices

The board of Directors (the "Board") recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

For the six months ended 31 December 2011, the Company has complied with the code provisions of the CG Code with deviations from the code provisions A.2.1, A.4.1 and E.1.2 of the CG Code as summarised below:

- i. In accordance with CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual.

The Company does not at present have any officer with the title CEO. The daily operation and management of the Company is monitored by the executive directors as well as the senior management. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

- ii. Under the code provision A.4.1 of the CG Code, non-executive Directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors of the Company are appointed for a specific term but are subject to retirement by rotation at least once every three years at the Company's annual general meeting in accordance with the provisions of the bye-laws of the Company. The Board believes that such practice will offer stability at the Board level while at the same time, independence is safeguarded by the necessary rotation, retirement and re-election procedures which involves shareholders' approval. As such, the Board considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code.

- iii. The code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting ("AGM") of the Company.

The chairman of the Board did not attend the 2011 AGM due to an urgent business engagement. An executive Director had chaired the 2011 AGM and answered questions from shareholders. The members of the audit and remuneration committees were also available to answer questions at the 2011 AGM.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings set out in the Model Code throughout the six months ended 31 December 2011.

Change in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, there is no changes of directors' biographical details required to be disclosed since the date of the 2010/11 annual report of the Company.

Human Resources

As of 31 December 2011, the Group had about 46 employees (2010: 59). Total staff costs for the six months ended 31 December 2011 were approximately HK\$10.6 million (2010: HK\$9.5 million). The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund and share options to motivate and reward employees at all levels to achieve the Group's business performance targets.

Review by Audit Committee

The audit committee of the Company comprising Ms. Hui Wai Man, Shirley (Chairman), Mr. Tso Hon Sai, Bosco and Mr. Tang Yiu Wing. The Audit Committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 31 December 2011.

By Order of the Board
Goldin Financial Holdings Limited
Pan Sutong
Chairman

Hong Kong, 27 February 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 December 2011

	NOTES	Six months ended 31 December	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited) (Restated)
Continuing operations			
Revenue	5	98,470	160,890
Cost of sales		(29,222)	(58,139)
Gross profit		69,248	102,751
Net losses on financial assets at fair value through profit or loss	6	(74,836)	(304,039)
Net loss on disposals of available-for-sale investment		(98,377)	—
Other income	5	8,177	935
Other losses	7	(7,344)	—
Increase in fair value of investment property	15	229,413	—
Selling and distribution expenses		(465)	(166)
Administrative expenses		(40,776)	(28,795)
Finance costs	8	(1,747)	(2,875)
Profit/(loss) before tax	9	83,293	(232,189)
Income tax expenses	10	(946)	(911)
Profit/(loss) from continuing operations		82,347	(233,100)
Discontinued operation			
Loss from discontinued operation	11	—	(67)
Profit/(loss) for the period		82,347	(233,167)

	NOTES	Six months ended 31 December	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited) (Restated)
Other comprehensive income/(loss)			
Available-for-sale investment — change in fair value		—	77,476
Exchange differences on translation of foreign operations		(1,171)	(2,698)
Other comprehensive income/(loss) for the period, net of tax		(1,171)	74,778
Total comprehensive income/(loss) for the period		81,176	(158,389)
Profit/(loss) attributable to:			
Owners of the Company		(20,919)	(233,167)
Non-controlling interest		103,266	—
		82,347	(233,167)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(22,090)	(158,389)
Non-controlling interest		103,266	—
		81,176	(158,389)
Earnings/(loss) per share attributable to owners of the Company			
	13		
Basic			
— For profit/(loss) for the period		HK(0.63) cents	HK(7.02) cents
— For profit/(loss) from continuing operations		HK(0.63) cents	HK(7.02) cents
Diluted			
— For profit/(loss) for the period		HK(0.63) cents	HK(7.02) cents
— For profit/(loss) from continuing operations		HK(0.63) cents	HK(7.02) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	NOTES	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	14	308,747	316,776
Investment property	15	3,700,000	—
Intangible assets	16	85,457	7,792
Vines		7,014	8,742
Available-for-sale investment		—	291,683
Convertible bond — loan portion		80,677	78,137
Loan receivable		21,850	21,850
Total non-current assets		4,203,745	724,980
CURRENT ASSETS			
Inventories	17	70,049	—
Trade receivables	18	1,214,963	500,651
Prepayments, deposits and other receivables		16,335	47,018
Financial assets at fair value through profit or loss		—	580,325
Convertible bond — conversion option derivative		1,795	7,239
Cash and bank balances		63,742	1,731,156
Total current assets		1,366,884	2,866,389
CURRENT LIABILITIES			
Trade payables	19	182,782	74,752
Accruals, other payables, other deposits and receipts in advance		55,390	29,303
Other borrowing	20	—	557,582
Loan from immediate holding company	21	947,794	—
Tax payable		3,011	4,826
Total current liabilities		1,188,977	666,463
NET CURRENT ASSETS		177,907	2,199,926
TOTAL ASSETS LESS CURRENT LIABILITIES		4,381,652	2,924,906

		31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Loan from a non-controlling shareholder of a subsidiary	22	1,372,880	—
Derivative financial instrument	23	26,100	—
Deferred tax liabilities		369	369
Total non-current liabilities		1,399,349	369
Net assets		2,982,303	2,924,537
EQUITY			
Equity attributable to owners of the Company			
Issued capital	24	332,121	332,121
Reserves		2,546,916	2,592,416
		2,879,037	2,924,537
Non-controlling interest		103,266	—
Total equity		2,982,303	2,924,537

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011

	Share		Contributed surplus	Other reserve	Exchange translation reserve	Share option reserve	Available-for-sale investments revaluation reserve	Retained profits/(accumulated losses)	Non-controlling interest	Total equity	
	Issued capital	premium account									
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
At 1 July 2011 (audited)	332,121	2,837,876	—	—	2,098	9,239	—	(256,797)	2,924,537	—	2,924,537
Total comprehensive income/(loss) for the period	—	—	—	—	(1,171)	—	—	(20,919)	(22,090)	103,266	81,176
Partial disposal of a subsidiary	—	—	—	(24,200)	—	—	—	—	(24,200)	—	(24,200)
Equity-settled share option arrangement	—	—	—	—	—	790	—	—	790	—	790
Lapsed share options	—	—	—	—	—	(8)	—	8	—	—	—
At 31 December 2011 (unaudited)	332,121	2,837,876	—	(24,200)	927	10,021	—	(277,708)	2,879,037	103,266	2,982,303
At 1 July 2010 (audited)	332,055	2,837,389	—	—	4,631	6,740	(57,186)	122,215	3,245,844	—	3,245,844
Total comprehensive income/(loss) for the period	—	—	—	—	(2,698)	—	77,476	(233,167)	(158,389)	—	(158,389)
2010 final dividend paid	—	—	—	—	—	—	—	(66,418)	(66,418)	—	(66,418)
Equity-settled share option arrangement	—	—	—	—	—	1,790	—	—	1,790	—	1,790
Issue of shares upon exercise of share options	39	282	—	—	—	(68)	—	—	253	—	253
Lapsed share options	—	—	—	—	—	(27)	—	27	—	—	—
At 31 December 2010 (unaudited)	332,094	2,837,671	—	—	1,933	8,435	20,290	(177,343)	3,023,080	—	3,023,080

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2011

	Six months ended 31 December	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Net cash used in operating activities	(480,899)	(507,593)
Net cash used in investing activities		
Purchase of plant and equipment	(1,431)	(8,379)
Acquisition of intangible assets	(77,688)	—
Acquisition of investment property	(3,434,171)	—
Interests received	4,694	935
	(3,508,596)	(7,444)
Net cash generated from financing activities		
Proceed from loan from immediate holding company	950,380	—
Proceed from loan from a non-controlling shareholder of a subsidiary	1,372,880	—
Proceeds from issue of shares	—	253
Share issue expenses	—	—
Dividend paid	—	(66,418)
	2,323,260	(66,165)
Net decrease in cash and cash equivalents	(1,666,235)	(581,202)
Cash and cash equivalents at beginning of the period	1,731,156	1,537,870
Effect of foreign exchange rate changes, net	(1,179)	(6,813)
Cash and cash equivalents at end of the period, represented by cash and bank balances	63,742	949,855

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property, biological assets and certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2011, except for the accounting policy adopted for certain intangible assets and derivative financial instrument acquired during the current period, and the borrowing costs arising from the loan from immediate holding company, the accounting policies adopted in respect of which, are as follows:

Intangible assets (other than goodwill)

Trademarks

The Group classified the acquired trademarks in relation to its winery business as intangible assets with an indefinite life in accordance with HKAS 38 Intangible Assets. Trademarks acquired are stated at cost less any subsequent accumulated impairment losses.

Derivative financial instrument

Initial recognition and subsequent measurement

Derivative financial instruments not designated as hedging instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA for the current period's condensed consolidated financial statements.

HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures</i> — <i>Transfers of Financial Assets</i>
HKAS 12 (Amendments)	Amendments to HKAS 12 <i>Income Taxes — Deferred Tax: Recovery of Underlying Assets (early adoption)</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC) — Int 14 Amendments	Amendments to HK(IFRIC) — Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

The adoption of these new HKFRSs, except for the HKAS 12 (Amendments) as described below, had no material effect on the results and financial position of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

The Group has early adopted the Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets* in advance of their effective date (annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. As a result, the Group's investment property that is measured using the fair value model has been presumed to be recovered through sale for the purpose of measuring deferred tax liabilities and deferred tax assets in respect of such property.

The application of HKAS 12 (Amendment) had no effect on the condensed consolidated financial statements of the Group for the prior accounting periods as the Group had not has any investment property in the last financial year.

In the current period, no deferred tax has been provided in respect of change in fair value of the Group's investment property. The application of the amendments has resulted in profit for the period being increased by HK\$42.6 million.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 13	<i>Fair Value Measurement</i> ²
HKAS 1 (Revised)	<i>Presentation of Financial Statements on the Presentation of Other Comprehensive Income</i> ¹
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²

¹ Effective for annual periods beginning on or after 1 July 2012.

² Effective for annual periods beginning on or after 1 January 2013.

The Directors anticipate that the application of the above new or revised standards or amendments will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The judgements and estimates adopted in the preparation of the unaudited condensed consolidated financial statements for the six months ended 31 December 2011 are the same as those used in the Group's annual financial statements for the year ended 30 June 2011 except for as below:

Estimation uncertainty

Fair value of investment property

Investment property is stated at fair value based on the valuation performed by independent professional valuer. In determining the fair value, the valuer have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market condition.

Valuation of derivative financial instrument

As described in note 23 to the condensed consolidated financial statements, the fair value of the derivative financial instrument is determined by the directors using the binomial option pricing model. The significant inputs into the model were the estimated value of the underlying equity interest at period end date, risk-free interest rate, estimated exercise price, expected volatility of the underlying shares and expected term of maturity. When the actual results of the inputs differ from management's estimate, it will have an impact on the fair value gain, or losses and the fair values of the derivative.

As at 31 December 2011, the fair value of the derivative financial instrument were HK\$26,100,000 (2010: Nil).

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

Continuing Operations

- (a) the factoring segment engages in provision of factoring services;
- (b) the financial investment segment engages in securities and derivatives investment and trading, and investment in financial instrument;
- (c) the winery business segment engages in investments and trading of wines and an operation of a vineyard;
- (d) the property development and investment segment engages in development and leasing of investment properties;

Discontinued Operation

- (e) the restaurant segment engaged in operation of a restaurant.

4. SEGMENT INFORMATION (Continued)

The following tables present revenue and profit information for the Group's business segments for the six months ended 31 December 2010 and 2011 respectively.

For the six months ended 31 December 2011

	Factoring HK\$'000 (Unaudited)	Financial investment HK\$'000 (Unaudited)	Winery business HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue:					
Sales to external customers	60,650	—	37,820	—	98,470
Segment results	45,587	(173,206)	11,755	227,509	111,645
Reconciliations:					
Unallocated interest and other income					2,066
Corporate and unallocated expenses					(28,671)
Finance costs					(1,747)
Profit before tax					83,293

For the six months ended 31 December 2010

	Continuing operations			Discontinued operation		Consolidated HK\$'000 (Unaudited)
	Factoring HK\$'000 (Unaudited)	Financial investment HK\$'000 (Unaudited)	Winery business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Operation of a restaurant HK\$'000 (Unaudited)	
Segment revenue:						
Sales to external customers	60,148	—	100,742	160,890	7,315	168,205
Segment results	48,576	(303,838)	45,736	(209,526)	(62)	(209,588)
Reconciliations:						
Unallocated interest and other income				935	—	935
Corporate and unallocated expenses				(20,723)	(5)	(20,728)
Finance costs				(2,875)	—	(2,875)
Loss before tax				(232,189)	(67)	(232,256)

5. REVENUE AND OTHER INCOME

An analysis of revenue and other income from continuing operations is as follows:

	Six months ended 31 December	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited) (Restated)
Revenue		
Handling fee income and interest income from factoring services	60,650	60,148
Wine trading	37,820	100,742
	98,470	160,890
Other income		
Bank interest income	240	183
Interest income on a loan receivable	883	752
Interest income on a convertible bond	6,111	—
Others	943	—
	8,177	935

6. NET LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 31 December	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Net fair value losses on derivative financial instruments	(4,771)	(297,372)
Net losses on disposals of equity financial assets at fair value through profit or loss	(73,760)	(2,045)
Dividend income from listed equity investments	3,746	—
Brokerage commission	(51)	(4,622)
	(74,836)	(304,039)

7. OTHER LOSSES

	Six months ended 31 December	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Fair value loss on the conversion option derivative	(5,444)	—
Fair value loss on a derivative financial instrument classified as financial liability at fair value through profit or loss	(1,900)	—
	(7,344)	—

8. FINANCE COSTS

	Six months ended 31 December	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Interest on:		
Other borrowing wholly repayable within five years	1,747	2,875
Loan from immediate holding company	28,751	—
	30,498	2,875
Less: Amount capitalised in investment property under construction	(28,751)	—
	1,747	2,875

9. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax from continuing operations has been arrived at after charging/(crediting):

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	6,813	2,848
Net foreign exchange gain	(7,590)	(2,154)
Equity-settled share option expenses	790	1,790

10. INCOME TAX EXPENSES

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Charge for the period	—	—
Underprovision in prior years	3	—
Current — Elsewhere		
Charge for the period	943	911
Deferred	—	—
Tax charge for the period	946	911

11. DISCONTINUED OPERATION

On 30 June 2011, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Crown Rate Investment Limited ("Crown Rate") and the entire shareholders' loan due to the Group by Crown Rate and its subsidiaries (collectively, the "Crown Rate Group") for a cash consideration of HK\$2. The principal activity of Crown Rate is operation of a restaurant. The disposal which constituted a discloseable transaction under the Listing Rules was completed on 30 June 2011. Upon completion, the Group recognised a gain on disposal of subsidiaries of HK\$2,312,000. Since then, the Group ceased to have operation in restaurant segment. Accordingly, the operation of the restaurant segment was classified as a discontinued operation for the six months ended 31 December 2010.

11. DISCONTINUED OPERATION *(Continued)*

The results of the discontinued operation for the period from 1 July 2010 to the effective date of disposal, which had been included in the consolidated statement of comprehensive income and cash flow statement was as follows:

	Six months ended 31 December 2010 HK\$'000 (Unaudited)
Revenue	7,315
Cost of sales	(2,882)
Other income	32
Selling and distribution expenses	(63)
Administrative expenses	(4,469)
Loss before tax from the discontinued operation	(67)
Income tax expenses	—
Loss for the period	(67)
Cash flows from discontinued operation	
Net cash used in operating activities	(304)
Net cash generated from investing activity	23
Net cash used in financing activities	—
Net decrease in cash flows	(281)
Loss per share:	
Basic, from the discontinued operation	HK0.002 cents
Diluted, from the discontinued operation	HK0.002 cents

11. DISCONTINUED OPERATION *(Continued)*

The calculation of basic and diluted loss per share from the discontinued operation are based on:

	Six months ended 31 December 2010 (Unaudited)
Loss attributable to ordinary equity holders of the Company from the discontinued operation	(HK\$67,000)
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	3,320,700,000
Effect of dilution — weighted average number of ordinary shares:	
Share options (Note)	—
<hr/>	
Weighted average number of ordinary shares used in the diluted loss per share calculation	3,320,700,000

Note: The diluted loss per share amount for the six months ended 31 December 2010 decreases when taking into account the exercise of share options, the exercise of share options has anti-dilutive effect on the basic loss per share for the period ended 31 December 2010 and were thus ignored in the calculation of diluted loss per share for the six months ended 30 June 2010.

12. DIVIDEND

	Six months ended 31 December	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Proposed final dividend in respect of the financial year ended 30 June 2010 — HK2.00 cents per ordinary share	—	66,418

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2011 (2010: Nil).

13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on:

	Six months ended 31 December	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Earnings		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation:		
From continuing operations	(20,919)	(233,100)
From discontinued operation	—	(67)
	(20,919)	(233,167)
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	3,321,210	3,320,700
Effect of dilution — weighted average number of ordinary shares:		
Share options (Note)	—	—
	3,321,210	3,320,700

Note: The diluted loss per share amounts for the six months ended 31 December 2010 and 2011 decrease when taking into account the exercise of share options, the exercise of share options has anti-dilutive effect on the basic loss per share and were thus ignored in the calculation of diluted loss per share for both periods.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2011, the Group acquired items of plant and equipment at a total cost of approximately HK\$1,431,000 (31 December 2010: approximately HK\$8,379,000).

15. INVESTMENT PROPERTY

	HK\$'000
At 1 July 2010, 30 June 2011 and 1 July 2011	—
Addition (acquisition cost) during the period	3,432,201
Construction cost incurred and capitalised expenditure	38,386
Increase in fair value recognised in profit or loss	229,413
	<hr/>
At 31 December 2011	3,700,000

The fair value of the Group's investment property at 31 December 2011 has been arrived at on the basis of a valuation carried out on that date by Savills Valuation and Professional Services Limited, an independent qualified professional valuer not connected to with the Group, who has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The Group's property interest held under operating lease to earn rentals purpose is measured using the fair value model and are classified and accounted for as investment property. The Group's investment property is under construction and located in leasehold lands in Hong Kong under medium-term lease.

16. INTANGIBLE ASSETS

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Winery permit	7,769	7,792
Trademarks	77,688	—
	<hr/>	<hr/>
	85,457	7,792

Movement of intangible assets are as follow:		HK\$'000
At 1 July 2010		—
Additions during the year		7,792
Exchange realignment		—
		<hr/>
At 30 June 2011 and 1 July 2011		7,792
Additions during the period		77,688
Exchange realignment		(23)
		<hr/>
At 31 December 2011		85,457

During the current period, the Group acquired certain trademarks in relation to the winery business. In the opinion of the Directors, these trademarks have an indefinite useful life and are carried at cost less any subsequent accumulated impairment losses.

17. INVENTORIES

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Work in progress	33,556	—
Finished goods	36,493	—
	70,049	—

18. TRADE RECEIVABLES

The following is an aged analysis of trade receivables at the reporting date:

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Current to 90 days	1,060,435	500,651
91 to 120 days	736	—
121 to 180 days	153,792	—
	1,214,963	500,651

19. TRADE PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	31 December 2011 HK\$'000 (Unaudited)	30 June 2011 HK\$'000 (Audited)
Current to 90 days	159,852	74,752
Over 90 days	22,930	—
	182,782	74,752

20. OTHER BORROWING

Other borrowing at 30 June 2011 represented margin loan borrowing from a financial institution. The amount was secured by the Group's available-for-sale equity investment and held for trading equity securities, was interesting bearing at 3% over USD overnight London Interbank Offered Rate and was fully repaid during the current period.

21. LOAN FROM IMMEDIATE HOLDING COMPANY

The amount at 31 December 2011 is unsecured, interest bearing at 8.5% per annum and repayable within one year from the end of the reporting period.

22. LOAN FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount at 31 December 2011 is unsecured, non-interest bearing and has no fixed term of repayment. In the opinion of the Directors, the amount is not repayable within the next twelve months.

23. DERIVATIVE FINANCIAL INSTRUMENT

The carrying amount at 31 December 2011 represents the fair value of an option (the "Option") granted to a non-controlling shareholder of Smart Edge Limited ("Smart Edge"), an indirect non-wholly owned subsidiary of the Company, to purchase up to 10% equity interest in Smart Edge under certain conditions. Smart Edge is principally engaged in the acquisition and development of a piece of land located in Kowloon Bay, Hong Kong (the "Land"). The Option can be exercised at a price in accordance with a specified formula at any time within six months after the issuance of the relevant occupation permit in respect of the development of the Land by the Hong Kong Government. Details of the Option is set out in the circular of the Company dated 26 August 2011.

The derivative financial instrument is classified as financial liability at fair value through profit or loss and the fair value is measured using the binomial option pricing model at the end of the reporting period, with change in fair value recognised in profit or loss.

The amount is classified as non-current liability as at 31 December 2011 as the option will not be exercisable within the next twelve months.

24. SHARE CAPITAL

Ordinary shares

	31 December 2011 HK\$'000	30 June 2011 HK\$'000
Authorised:		
5,500,000,000 ordinary shares of HK\$0.10 each	550,000	550,000
Issued and fully paid:		
3,321,209,520 (30 June 2011: 3,321,209,520) ordinary shares of HK\$0.10 each	332,121	332,121

Movements in the Company's issued share capital are as follows:

	Number of shares in issue	Issued capital HK\$'000
At 1 July 2010	3,320,549,520	332,055
Issue of shares upon exercise of share options	390,000	39
At 31 December 2010	3,320,939,520	332,094
Issue of shares upon exercise of share options	270,000	27
At 30 June 2011, 1 July 2011 and 31 December 2011	3,321,209,520	332,121

25. COMMITMENTS

As at 31 December 2011, the Group had commitments of approximately HK\$17,400,000 in respect of development expenditure of investment property under construction (30 June 2011: Nil).

26. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transactions with related parties:

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Transactions with related companies in which a substantial shareholder of the Company has beneficial interests:		
Sale of wines	925	—
Interest accrued on loan from immediate holding company	28,751	—
Brokerage commission paid	46	4,154
Project management fees paid	1,950	—
Interest income on a convertible bond	3,630	—

Compensation of key management personnel

The key management personnel of the Group are its directors, details of their emoluments are as follows:

	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	2,404	780
Equity-settled share option expenses	184	478
	2,588	1,258

The emoluments of the directors were decided by the remuneration committee of the Company having regard to individual's performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market conditions.