



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

(Incorporated in Bermuda with limited liability)

(Stock Code : 530)

2015/16  
Interim Report



**Beyond the Impossible,  
Lies A World Rich with Possibilities**

**突破常規 成就不可能**

\* for identification purposes only

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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Pan Sutong (*Chairman*)

Professor Huang Xiaojian

Mr. Zhou Dengchao

Ms. Hou Qin

Mr. Wong Hau Yan, Helvin (resigned on 21 November 2015)

Mr. Lee Chi Chung, Harvey (resigned on 1 January 2016)

### Independent Non-Executive Directors

Ms. Hui Wai Man, Shirley

Mr. Tang Yiu Wing

Ms. Gao Min

## Board Committees

### Audit Committee

Ms. Hui Wai Man, Shirley (*Chairman of Audit Committee*)

Mr. Tang Yiu Wing

Ms. Gao Min

### Remuneration Committee

Mr. Tang Yiu Wing (*Chairman of Remuneration Committee*)

Ms. Hui Wai Man, Shirley

Ms. Gao Min

### Nomination Committee

Mr. Pan Sutong (*Chairman of Nomination Committee*)

Ms. Hui Wai Man, Shirley

Ms. Gao Min

### Corporate Governance Committee

Mr. Pan Sutong (*Chairman of Corporate Governance Committee*)

Mr. Wong Hau Yan, Helvin (ceased on 21 November 2015)

Mr. Zhou Dengchao

## Company Secretary

Ms. Lun Hau Mun

### **Principal Bankers**

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited  
Bank of Communications Co., Ltd Hong Kong Branch

### **Auditors**

Ernst & Young

### **Share Registrar and Transfer Offices**

#### **Principal:**

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

#### **Hong Kong Branch:**

Tricor Secretaries Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **Registered Office**

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

### **Hong Kong Principal Place of Business**

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

### **Stock Code**

530

### **Website**

[www.goldinfinancial.com](http://www.goldinfinancial.com)

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors ("Directors"), I hereby present to the shareholders the interim results of Goldin Financial Holdings Limited ("Goldin Financial" or the "Company") and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2015.

## Management Discussion and Analysis

### Results

During the six months ended 31 December 2015 ("the first half of FY2016" or "the period under review"), the Group recorded revenue of approximately HK\$291.9 million, representing a 10.7% increase over the revenue of approximately HK\$263.8 million for the same period in the previous financial year ("FY2015"). Such increase was mainly due to the increased revenues generated by our wine trading operations. Gross profit for the period under review amounted to HK\$166.5 million, represented a decrease of 13.0% compared with the same period of FY2015 of HK\$191.5 million. The lower gross profit was mainly resulted from our more competitive pricing strategies for our factoring and wine products in the period under review. Profit attributable to the owners of the Company was approximately HK\$308.8 million, which represented a decrease of 63.7% when benchmarked against the figures of approximately HK\$850.1 million for the first half of FY2015. The decrease was mainly because a substantially lower fair value gain of HK\$470.7 million recorded for our investment property under development, the Goldin Financial Global Centre, compared with that of HK\$1,395.7 million for the same period of FY2015.

**Business Review****Factoring:**

The commercial factoring market in the People's Republic of China ("the PRC" or "China") is growing robustly. The turnover of commercial factoring in China was likely to reach RMB200 billion in 2015, a 2.5-fold increase compared with that for the previous year, and the balance of financing via commercial factoring stood at about RMB50 billion, representing a rise of 150% compared with that of 2014. #

# Source: Xinhua Finance, December 2015

Against this backdrop and coupled with the supportive government policies in recent years aiming at facilitating the development of the country's commercial factoring market, China factoring sector is experiencing a bloom with more and more commercial factors entering into the market. In order to remain competitive, we had priced our factoring services more competitively for customers with well-established relationships. This led to a slight drop in the profit margin for the factoring business. For the first half of FY2016, our factoring business continued to generate stable income and recorded revenue of approximately HK\$120.6 million (FY2015: HK\$120.6 million), while profit from this segment decreased by 8.3% to approximately HK\$89.4 million, compared with the HK\$97.4 million figure for FY2015.

**Wine and Lifestyle:**

People love the taste and aroma of wine as part of life, culture and diet since time immemorial. Wine is not only good to be paired with food but also has evolved into a culture for centuries. The culture of wine has been growing explosively as reflected by the trend of the rising global wine consumption since 2009. The red wine market dominated the still wine consumption. So do the wine market in the PRC endorsed the affluence and remain flourish #.

# Source: World Wine and Spirits Market with an Outlook to 2018 (VINEXPO)

### **Business Review (Continued)**

#### **Wine and Lifestyle: (Continued)**

As a major step towards solving the bottleneck of professional fine wine storage in China, the Group's acquisition of the two illustrious wine cellars in Guangzhou and Tianjin was now completed. In addition to the storage facilities being used by the Group, the wine cellars will also complement the establishment of our exclusive membership club that offers a full range of services to wine enthusiasts – from the careful procurement and storage of wines under bond in private VIP cellars, to the expert management of their portfolio. With this, we are in an excellent position to both wineries and private collectors by providing the best platform for storing and trading wines as well as for exchange of cultures. Our marketing efforts are directed towards private collectors. Educational wine dinners focused on a single winery in the presence of the owner, winemaker or manager were organized to develop our network and promote our wine business and club.

During the first half of FY2016, the Group recorded revenue of approximately HK\$171.3 million (first half of FY2015: HK\$143.2 million). This represented an increase of 19.6% over that of FY2015. Segment profit from our wine business was approximately HK\$17.2 million (FY2015: HK\$60.8 million), which was a fall of 71.7% over the same period of FY2015. This contraction was mainly due to the lower profit margin generated by our wine trading business after the Group priced its wine products more competitively, as well as the higher operating expenses for the wine segment comparing to the same period of FY2015 due to the start-up costs incurred for the wine-related business, the media and publishing and wine cellars, during the period under review.

We will continue to develop and offer our full range of services to wine enthusiasts, including wine education, wine concierge services and lifestyle wine tours of numerous wine regions. Our French winery, Château Le Bon Pasteur has also introduced its second label "L'Étoile de Bon Pasteur", targeting a broader market which may not be able to source our prestigious Grand Vin.

## Business Review (Continued)

### Real Estate:

Under the "Energizing Kowloon East" project of the Government of the Hong Kong Special Administrative Region, the Kowloon East district (comprising the Kai Tak Development, Kowloon Bay and Kwun Tong) is being redeveloped into a vibrant "smart city". With innovations in urban infrastructure, modernization and inspiration from the community, the Kowloon East will become an exquisite place for people and business. The district will house an alternative central business district ("CBD2") and will be dedicated to such sectors as tourism, retail, leisure, and arts and entertainment etc, in the mid to long term.

In addition to the banking and finance companies, a number of multi-national corporations and large enterprises in the industries like information technology, logistics and entertainment had re-located or planned for moving into the district in 2015. This underlined the promising capital value of our Goldin Financial Global Centre ("the Development") in the Kowloon East and the potential tenancy rentals to the Group in the coming years.

Our Goldin Financial Global Centre celebrated its topping out in September 2015 and is scheduled for completion in the year. The Development has been named as one of the Key Green Buildings in the district and will become a landmark with contemporary office – premium and spacious office space, food and beverage zone with specialty and fine dining restaurants, and over 300 car parking spaces. Our Goldin Financial Global Centre is currently soliciting tenancy and is conducting negotiations with potential tenants who are large commercial corporations seeking Grade-A office space.

Following a remarkable appreciation in the previous year, the Group recorded a further fair value increase of approximately HK\$470.7 million in the first half of FY2016 (FY2015: HK\$1,395.7 million) in respect of the Development.



### Financial Review

#### Liquidity, Financial Resources and Gearing

As at 31 December 2015, the Group's working capital stood at approximately HK\$685.8 million, representing a decrease of 82.9% over the HK\$4,008.7 million recorded on 30 June 2015. Cash and cash equivalents totalled approximately HK\$35.4 million, representing a decrease of 32.3% over the HK\$52.3 million on 30 June 2015.

By the end of the first half of FY2016, the Group had outstanding bank loans of approximately HK\$1,984.3 million (30 June 2015: HK\$1,051.7 million). The loan drawdown during the period was mainly for financing the construction and interior fitting costs of our Goldin Financial Global Centre.

The Group also maintained a borrowing facility of US\$500 million (equivalent to HK\$3,876.1 million) from a related company, in which Mr. Pan Sutong, a controlling shareholder of the Company, has a beneficial interest. During the period, the loan advanced from a related company was approximately US\$239.9 million (equivalent to HK\$1,859.2 million) (30 June 2015: Nil) which was solely for financing the Group's acquisition of the wine cellars in the PRC, details of which are set out in the announcement dated 31 August 2015 of the Company. The undrawn borrowing facility from a related company was approximately US\$260.1 million (equivalent to HK\$2,015.8 million) as at 31 December 2015 (30 June 2015: US\$500 million (equivalent to HK\$3,876.1 million)).

The gearing ratio of total bank and other borrowings divided by total equities stood at approximately 28.5% (30 June 2015: 8.0%).

#### Foreign Exchange

As the Group's key operations are located in Hong Kong, China, the US and France, its major assets and liabilities are primarily denominated in HK\$, RMB, US\$ and Euro. While we have yet to establish a formal foreign currency hedging policy, we will, as always, continue to monitor our exposure to foreign exchange fluctuations carefully and may introduce appropriate hedging measures should the need ever arise.

### **Contingent Liabilities**

As at 31 December 2015, banking facilities granted to a property investment subsidiary, which is subject to guarantees given to the bank by the Company for up to 60% of funds drawn down, had been utilized to the extent of HK\$1,190.2 million (30 June 2015: HK\$630.5 million).

### **Pledge of Assets**

As at 31 December 2015, the Group's investment property under development with a carrying value of HK\$11,000 million (30 June 2015: HK\$9,750 million) and the entire share capital of Smart Edge Limited, a 60% owned subsidiary which holds the investment property under development were pledged to secure banking facilities granted to the Group.

### **Prospects**

#### **Factoring:**

In light of the move of the PRC's currency to edge with integration of the global financial systems, the commercial factoring industry in the country will be energized and continue to develop in new perspectives, like cross-border e-commerce finance and supply chain finance. These poise huge potential business opportunities for the Group's factoring business in the years ahead.

To this end, we will strike to maintain the competitive edge of our factoring business by offering competitive factoring service and continuing our prudent risk management and client selection strategies. Goldin Factoring will continue to reinforce its business via possible new ventures and to diversify further into new product and services mix, and to form business coalitions with other domestic and overseas factors and financial institutions.

## CHAIRMAN'S STATEMENT (CONTINUED)

### Prospects (Continued)

#### Wine and Lifestyle:

The gateway to explore the vast and burgeoning PRC's wine market through Hong Kong as a trading and distribution centre is notably successful. China is now the largest wine exports market for Hong Kong<sup>#</sup>. Wine trading bring about the wine-related interests across multiple channels like the cellar services, wine tastings, receptions and food pairings as well as trade fairs. The Group will continue to strive on the potential wine and wine-related businesses in order to strengthen the market penetration in both the PRC and Hong Kong markets.

<sup>#</sup> Source: Hong Kong Trade Development Council

To leverage the prime locations of our wine cellars in the Guangzhou Free Trade Zone, Guangdong Province and the Dongjiang Free Trade Port Zone, Tianjin, our wine trading business will be streamlined with an advanced logistics platform and resources and network in the northern and southern market in China.

We will continue to search for any suitable acquisitions and opportunities around the world and across the wine supply chain, adding to our production, storage and distribution capabilities. We will also strike to further enhance our lifestyle business by opening our own restaurants and dining business.

#### Real Estate:

Hong Kong is a well-established premier international financial centre. Taking account of the new economic and trade function under China Belt and Road Initiative and the establishment of the free trade zones, it is highly likely that the China based companies and overseas corporations will seize the tremendous business opportunities by leveraging on Hong Kong's financial position. As such, the commercial sector in Hong Kong, in particular the banking and finance, will continue to capitalize on the fortunes proactively, and therefore the demand for Grand-A office space in Hong Kong will remain strong in the coming years.

**Prospects (Continued)**

**Real Estate: (Continued)**

The office rentals in the Kowloon East will remain at competitively lower level with the coming plenteous supply against the conventional core business areas. On a positive note, it will lure more enterprises or even sizable organizations to re-locate, or following a natural spin-off of their office operations, from the traditional central business districts. The smart-green CBD2 will undeniably be an attractive option to these enterprises and conglomerates. Furthermore, the dynamic value derived from the office decentralization will continue to entice the consumer markets such as retailing, hospitality, arts and entertainment to the Kowloon East district. All these will help the Kowloon East develop into a thriving commercial, social and entertainment hub in the years to come.

Our Goldin Financial Global Centre will continue to bolster the asset value of the Group and enjoy a steady source of tenancy incomes in the near term. While we remain confident about the future of Hong Kong's commercial property sector, we are also carefully evaluating the profitability and seek to expand our real estate portfolio into the luxury residential property sector.

**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, 29 February 2016

## OTHER INFORMATION

### Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (2014: Nil).

### Directors' and Chief Executives' Interests and Short Positions in Shares, underlying Shares and Debentures

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in the shares ("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 (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are as follows:

#### Long positions in the Shares and underlying Shares of the Company

Name of Directors	Notes	Number of Shares held		Number of underlying Shares	Total (Long Position)	% of total issued Shares*
		Personal Interests	Corporate interests			
Mr. Pan Sutong ("Mr. Pan")	1	208,063,000	4,714,259,634	—	4,922,322,634	70.44%
Mr. Lee Chi Chung, Harvey	2	900,000	—	2,100,000	3,000,000	0.04%
Professor Huang Xiaojian	2	—	—	3,000,000	3,000,000	0.04%
Mr. Zhou Dengchao	2	1,000,000 —	— —	— 5,000,000	6,000,000	0.09%
Ms. Hou Qin	2	1,560,000 —	— —	— 6,000,000	7,560,000	0.11%

\* The percentage has been calculated based on 6,987,581,992 Shares in issue as at 31 December 2015.

## Directors' and Chief Executives' Interests and Short Positions in Shares, underlying Shares and Debentures (Continued)

Notes:

1. The 4,714,259,634 Shares held by Mr. Pan through controlled corporations included:
  - (a) Goldin Real Estate Financial Holdings Limited ("Goldin Real Estate Financial") is deemed to be interested in 4,670,855,634 Shares, of which as to 4,473,545,636 Shares held by Goldin Global Holdings Limited and as to 197,309,998 Shares held by Goldin Equities Limited respectively. Both Goldin Global Holdings Limited and Goldin Equities Limited are indirect wholly-owned subsidiaries of Goldin Real Estate Financial. Goldin Real Estate Financial is wholly owned by Mr. Pan.
  - (b) 43,404,000 Shares held by Clear Jade International Limited which is wholly owned by Mr. Pan.
2. The underlying Shares are the share options granted by the Company to the respective Directors, details of which are disclosed in the section headed "Share Option Schemes" below.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2015, none of the Directors or chief executives of the Company had, pursuant to Divisions 7 and 8 of the Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interests or short positions in any shares, underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interests which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION (CONTINUED)

### Substantial Shareholders' Interests and Short Positions in Shares and underlying Shares

As at 31 December 2015, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests and short positions, representing 5% or more of the Company's issued share capital:

Name of shareholders	Notes	Capacity	Number of Shares held	Total (Long Position)	% of total issued Shares*
Goldin Global Holdings Limited	1	Beneficial owner	4,473,545,636	4,473,545,636	64.02%
Mr. Pan Sutong	2	Interests held as beneficial owner and through controlled corporations	4,922,322,634	4,922,322,634	70.44%

\* The percentage has been calculated based on 6,987,581,992 Shares in issue as at 31 December 2015.

Notes:

1. Goldin Global Holdings Limited is a wholly-owned subsidiary of Goldin Investment Holdings Limited, which is, in turn, a 100% owned subsidiary of Goldin Real Estate Financial. Goldin Real Estate Financial is wholly owned by Mr. Pan.
2. The 4,714,259,634 Shares held by Mr. Pan through controlled corporations are as follows:
  - (i) Goldin Real Estate Financial is deemed to be interested in a total of 4,670,855,634 Shares, as to which 4,473,545,636 Shares held by Goldin Global Holdings Limited (as disclosed in Note 1 above) and 197,309,998 Shares held by Goldin Equities Limited respectively.

Goldin Equities Limited is wholly owned by Goldin Investment Advisers Limited, which is, in turn, a 100% owned subsidiary of Goldin Financial Investment Limited. Goldin Financial Investment Limited is a wholly-owned subsidiary of Goldin Real Estate Financial.
  - (ii) 43,404,000 Shares held by Clear Jade International Limited which is wholly owned by Mr. Pan.

Save as disclosed above, as at 31 December 2015, the Company had not been notified by any person (other than a Director or chief executive of the Company or their respective close associates) of any interest and short position in the Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

## **Share Option Schemes**

The Company operates share option schemes for the purpose of providing incentives or rewards to the participants for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest.

The share option scheme of the Company adopted on 28 January 2004 (the "2004 Scheme") was terminated at the annual general meeting of the Company held on 21 November 2013, and a new share option scheme (the "2013 Scheme") of the Company was adopted in substantially similar terms to those of the 2004 Scheme. Share options granted under the 2004 Scheme prior to its termination remained in force until they lapsed in accordance with the terms of the 2004 Scheme.

The total number of Shares which may be issued upon exercise of all share options to be granted under the 2013 Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the 2013 Scheme, being 697,499,199 Shares.



## OTHER INFORMATION (CONTINUED)

### Share Option Schemes (Continued)

Details of movements in the share options granted under the share option schemes of the Company during the six months ended 31 December 2015 are set out below:

#### 2004 Scheme

Name or category of participants	Date of grant	Exercise price per Share (HK\$)	Number of share options					As at 31 December 2015	Exercisable period
			As at 1 July 2015	Granted during the period	Lapsed during the period	Exercised during the period	As at 31 December 2015		
<b>Directors</b>									
Mr. Zhou Dengchao	22/07/2009	0.654	1,000,000	—	—	(1,000,000)	—	22/01/2010 – 21/07/2019	
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2011 – 21/07/2019	
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2012 – 21/07/2019	
Ms. Hou Qin	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2010 – 21/07/2019	
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2011 – 21/07/2019	
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2012 – 21/07/2019	
Mr. Wong Hau Yan, Helvin <i>(resigned on 21 November 2015)</i>	22/07/2009	0.654	1,000,000	—	—	(1,000,000)	—	22/01/2011 – 21/07/2019	
	22/07/2009	0.654	1,000,000	—	—	(1,000,000)	—	22/01/2012 – 21/07/2019	
			8,000,000	—	—	(3,000,000)	5,000,000		
<b>Employees and others in aggregate (including directors of certain subsidiaries)</b>									
	22/07/2009	0.654	3,000,000	—	—	—	3,000,000	22/07/2009 – 21/07/2019	
	22/07/2009	0.654	1,000,000	—	—	(1,000,000)	—	22/01/2011 – 21/07/2019	
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2012 – 21/07/2019	
	23/07/2009	0.652	5,820,000	—	—	(165,000)	5,655,000	23/01/2010 – 22/07/2019	
	23/07/2009	0.652	5,820,000	—	—	(165,000)	5,655,000	23/01/2011 – 22/07/2019	
	23/07/2009	0.652	7,760,000	—	—	(220,000)	7,540,000	23/01/2012 – 22/07/2019	
			24,400,000	—	—	(1,550,000)	22,850,000		
<b>TOTAL</b>			<b>32,400,000</b>	<b>—</b>	<b>—</b>	<b>(4,550,000)</b>	<b>27,850,000</b>		

Note:

The weighted average closing price of the Shares traded on the Stock Exchange immediately before the dates on which the share options were exercised is approximately HK\$9.403.

## Share Option Schemes (Continued)

## 2013 Scheme

Name or category of participants	Date of grant	Exercise price per Share (HK\$)	Number of share options					As at 31 December 2015	Exercisable period
			As at 1 July 2015	Reclassified from "Directors" to "Employees and others in aggregate"	Granted during the period	Lapsed during the period	Exercised during the period		
<b>Directors</b>									
Mr. Lee Chi Chung, Harvey	18/07/2014	3.098	900,000	—	—	—	(900,000)	—	18/07/2015 – 17/07/2024
	18/07/2014	3.098	900,000	—	—	—	—	900,000	18/07/2016 – 17/07/2024
	18/07/2014	3.098	1,200,000	—	—	—	—	1,200,000	18/07/2017 – 17/07/2024
Professor Huang Xiaojian	18/07/2014	3.098	900,000	—	—	—	—	900,000	18/07/2015 – 17/07/2024
	18/07/2014	3.098	900,000	—	—	—	—	900,000	18/07/2016 – 17/07/2024
	18/07/2014	3.098	1,200,000	—	—	—	—	1,200,000	18/07/2017 – 17/07/2024
Mr. Zhou Dengchao	18/07/2014	3.098	900,000	—	—	—	—	900,000	18/07/2015 – 17/07/2024
	18/07/2014	3.098	900,000	—	—	—	—	900,000	18/07/2016 – 17/07/2024
	18/07/2014	3.098	1,200,000	—	—	—	—	1,200,000	18/07/2017 – 17/07/2024
Ms. Hou Qin	18/07/2014	3.098	900,000	—	—	—	—	900,000	18/07/2015 – 17/07/2024
	18/07/2014	3.098	900,000	—	—	—	—	900,000	18/07/2016 – 17/07/2024
	18/07/2014	3.098	1,200,000	—	—	—	—	1,200,000	18/07/2017 – 17/07/2024
Mr. Wong Hau Yan, Helwin (resigned on 21 November 2015)	18/07/2014	3.098	900,000	(900,000)	—	—	—	—	18/07/2015 – 17/07/2024
	18/07/2014	3.098	900,000	(900,000)	—	—	—	—	18/07/2016 – 17/07/2024
	18/07/2014	3.098	1,200,000	(1,200,000)	—	—	—	—	18/07/2017 – 17/07/2024
			15,000,000	(3,000,000)	—	—	(900,000)	11,100,000	

## OTHER INFORMATION (CONTINUED)

### Share Option Schemes (Continued)

#### 2013 Scheme (Continued)

Name or category of participants	Date of grant	Exercise price per Share (HK\$)	Number of share options						
			As at 1 July 2015	Reclassified from "Directors" to "Employees and others in aggregate"	Granted during the period	Lapsed during the period	Exercised during the period	As at 31 December 2015	As at Exercisable period
<b>Associate of a Director and substantial shareholder of the Company</b>									
Ms. Pan Jenny Jing	18/07/2014	3.098	450,000	—	—	—	—	450,000	18/07/2015 – 17/07/2024
	18/07/2014	3.098	450,000	—	—	—	—	450,000	18/07/2016 – 17/07/2024
	18/07/2014	3.098	600,000	—	—	—	—	600,000	18/07/2017 – 17/07/2024
			1,500,000	—	—	—	—	1,500,000	
<b>Employees and others in aggregate (including directors of certain subsidiaries)</b>									
	18/07/2014	3.098	36,615,000	900,000	—	(105,000)	—	37,410,000	18/07/2015 – 17/07/2024
	18/07/2014	3.098	36,615,000	900,000	—	(105,000)	—	37,410,000	18/07/2016 – 17/07/2024
	18/07/2014	3.098	48,820,000	1,200,000	—	(140,000)	—	49,880,000	18/07/2017 – 17/07/2024
			122,050,000	3,000,000	—	(350,000)	—	124,700,000	
<b>TOTAL</b>			<b>138,550,000</b>	<b>—</b>	<b>—</b>	<b>(350,000)</b>	<b>(900,000)</b>	<b>137,300,000</b>	

Notes:

- The share options granted on 18 July 2014 (the "Date of Grant") are subject to a vesting period of 3 years starting from the 1st anniversary and becoming fully vested on the 3rd anniversary of the Date of Grant, and only exercisable upon vested and subject to the satisfactory performance/contribution of the grantees as may be determined by the Board.
- The weighted average closing price of the Shares traded on the Stock Exchange immediately before the date on which the share options were exercised is HK\$13.960.
- Mr. Wong Hau Yan, Helvin resigned as Director and remains as a consultant of the Company. Therefore, the outstanding share options held by Mr. Wong upon his resignation were reclassified from the category of "Directors" to "Employees and others in aggregate".

**Directors' Rights to Acquire Shares or Debentures**

On 31 May 2012, Mr. Pan acquired the entire equity interest in Goal Eagle Limited ("GEL"). Following the acquisition, Smart Edge Limited ("Smart Edge") (a joint venture company holding a piece of land parcel known as New Kowloon Inland Lot No. 6314, located at Kowloon Bay with a total site area of approximately 6,600 square meters) is owned as to 60% by the Company through Cheng Mei Holdings Limited ("CMHL"), a wholly owned subsidiary of the Company, and as to 40% by Mr. Pan through GEL, and the terms of the shareholders' agreement dated 25 August 2011 ("Shareholders' Agreement") entered into between CMHL and GEL would remain unchanged and continue to bind on each of CMHL and GEL including an option granted to GEL by CMHL which required CMHL to sell to it or its associates certain number of shares in Smart Edge held by CMHL or (as the case may be) its associates in order to increase GEL's shareholding in Smart Edge to an aggregate percentage of not more than 50% in accordance with a specified formula contained in the Shareholders' Agreement.

Save as disclosed herein and in the above section headed "Share Option Schemes", at no time during the period under review was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executive or any of their respective close associates to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company, its subsidiaries or any other body corporate.

**Specific Performance Obligations on Controlling Shareholder**

On 26 November 2012, Smart Edge as the borrower and Bank of Communications Co., Ltd. Hong Kong Branch (the "Bank") as the lender entered into a 4-year loan facility agreement (the "Loan Agreement") of up to an aggregate amount of HK\$3,000 million, which includes a term imposing specific performance obligation on the controlling shareholder of the Company.

On 23 November 2015, Smart Edge as the borrower and the Bank as the lender entered into another facility agreement (the "Facility Agreement") for an amount of up to HK\$500 million. Pursuant to the terms of the Facility Agreement, the aggregate outstanding principal amount under the Loan Agreement and the Facility Agreement shall not be more than HK\$3,100 million at any time.

## **OTHER INFORMATION (CONTINUED)**

Pursuant to the Loan Agreement and the Facility Agreement, Smart Edge agreed that Mr. Pan, the controlling shareholder of the Company, shall beneficially own at all times (i) not less than 40% of the issued share capital in Smart Edge; (ii) not less than 50% of the issued share capital in the Company; and (iii) not less than 50% of the issued share capital in Goldin Properties Holdings Limited ("Goldin Properties"), a company listed on the Main Board of the Stock Exchange, and procure that the shares of Goldin Properties at all times be listed on the Stock Exchange.

It will be an event of default if the specific performance obligation is breached; and in such case, the bank shall declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and/or declare the facilities terminated.

### **Code on Corporate Governance Practices**

Throughout the six months ended 31 December 2015, the Company has complied with all the code provisions ("Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the deviations with considered reason as explained below.

Paragraph A.4.1 of the Code Provisions stipulated that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors are not 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 would offer stability at the Board level whilst independence is safeguarded by the statutory provisions by way of rotation, retirement and re-election subject to the shareholders' approval. Thus, the Board considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the Corporate Governance Code.

### **Model Code for Directors' Securities Transactions**

The Company has adopted its own Model Code for Securities Transactions by Directors and Employees (the "Corporate Model Code"), which are on terms no less exacting than the required standards as set out in the Model Code in Appendix 10 to the Listing Rules. Employees who are likely in possession of unpublished inside information of the Company are also subject to the Corporate Model Code.

Upon specific enquiry by the Company, all Directors confirmed that they have complied with the required standards set out in the Corporate Model Code throughout the six months ended 31 December 2015.

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

During the six months ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

### **Human Resources**

As at 31 December 2015, the Group had about 144 employees (2014: 116). Total staff costs for the six months ended 31 December 2015 were approximately HK\$42.5 million (2014: HK\$33.4 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 as chairman as well as Mr. Tang Yiu Wing and Ms. Gao Min as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2015.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

		<b>Six months ended 31 December</b>	
	Notes	<b>2015 HK\$'000 (Unaudited)</b>	2014 HK\$'000 (Unaudited)
Revenue	4	<b>291,910</b>	263,786
Cost of sales		<b>(125,363)</b>	(72,296)
<b>Gross profit</b>		<b>166,547</b>	191,490
Other income and gain	4	<b>75,089</b>	3,584
Fair value loss on a derivative financial instrument		–	(31,053)
Increase in fair value of investment property	12	<b>470,712</b>	1,395,688
Selling and distribution expenses		<b>(8,580)</b>	(1,488)
Administrative expenses		<b>(135,758)</b>	(134,929)
Finance costs	5	<b>(53,860)</b>	(27)
<b>Profit before tax</b>	6	<b>514,150</b>	1,423,265
Income tax expense	7	<b>(21,140)</b>	(18,908)
<b>Profit for the period</b>		<b>493,010</b>	1,404,357
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(180,955)</b>	(4,018)
<b>Total comprehensive income for the period</b>		<b>312,055</b>	1,400,339

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT  
OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 31 December 2015

		<b>Six months ended 31 December</b>	
		<b>2015</b>	2014
Note		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period attributable to:</b>			
		<b>308,814</b>	850,107
		<b>184,196</b>	554,250
		<b>493,010</b>	1,404,357
<b>Total comprehensive income attributable to:</b>			
		<b>127,859</b>	846,089
		<b>184,196</b>	554,250
		<b>312,055</b>	1,400,339
<b>Earnings per share attributable to owners of the Company</b>			
	9		
Basic			
– For profit for the period		<b>HK4.42 cents</b>	HK12.18 cents
Diluted			
– For profit for the period		<b>HK4.37 cents</b>	HK12.05 cents



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,337,364	356,547
Prepaid land lease payments	11	101,872	–
Investment property	12	11,000,000	9,750,000
Intangible assets		96,243	96,985
Vines		8,353	11,820
Deposits		150,840	1,134
Total non-current assets		14,694,672	10,216,486
<b>CURRENT ASSETS</b>			
Inventories		504,796	595,558
Prepayments, deposits and other receivables		123,312	114,744
Trade receivables	13	4,385,053	5,633,260
Loan receivable	14	61,878	34,498
Cash and bank balances		35,354	52,277
Total current assets		5,110,393	6,430,337
<b>CURRENT LIABILITIES</b>			
Trade payables	15	616,219	1,975,797
Accruals, other payables and receipts in advance		1,525,547	343,977
Due to the immediate holding company		14,500	–
Due to related companies	16	187,696	–
Tax payable		79,739	61,238
Interest-bearing bank borrowings	17	1,983,853	162
Derivative financial instrument		17,068	40,458
Total current liabilities		4,424,622	2,421,632
<b>NET CURRENT ASSETS</b>		<b>685,771</b>	<b>4,008,705</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>15,380,443</b>	<b>14,225,191</b>

**CONDENSED CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION (CONTINUED)**

At 31 December 2015

		<b>31 December 2015 HK\$'000 (Unaudited)</b>	30 June 2015 HK\$'000 (Audited)
	Notes		
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	17	<b>458</b>	1,051,501
Loan from a related company	18	<b>1,859,179</b>	–
Deferred tax liabilities		<b>19,602</b>	19,944
Total non-current liabilities		<b>1,879,239</b>	1,071,445
Net assets		<b>13,501,204</b>	13,153,746
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	19	<b>698,758</b>	698,213
Reserves		<b>9,271,952</b>	9,109,235
Non-controlling interests		<b>9,970,710</b>	9,807,448
		<b>3,530,494</b>	3,346,298
Total equity		<b>13,501,204</b>	13,153,746

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Other reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
At 1 July 2015 (Audited)	698,213	6,350,069	(33,461)	(18,906)	112,928	2,698,605	9,807,448	3,346,298	13,153,746
Profit for the period	-	-	-	-	-	308,814	308,814	184,196	493,010
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	(180,955)	-	-	(180,955)	-	(180,955)
Total comprehensive income for the period	-	-	-	(180,955)	-	308,814	127,859	184,196	312,055
Equity-settled share option arrangements	-	-	-	-	29,648	-	29,648	-	29,648
Issue of shares upon exercise of share options, net of expenses	545	8,008	-	-	(2,798)	-	5,755	-	5,755
Transfer of share option reserve upon the lapse of share options	-	-	-	-	(317)	317	-	-	-
At 31 December 2015 (Unaudited)	698,758	6,358,077	(33,461)	(199,861)	139,461	3,007,736	9,970,710	3,530,494	13,501,204
At 1 July 2014 (Audited)	697,963	6,348,085	(33,461)	(19,035)	8,715	1,484,562	8,486,829	2,545,331	11,032,160
Profit for the period	-	-	-	-	-	850,107	850,107	554,250	1,404,357
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	(4,018)	-	-	(4,018)	-	(4,018)
Total comprehensive income for the period	-	-	-	(4,018)	-	850,107	846,089	554,250	1,400,339
Equity-settled share option arrangements	-	-	-	-	47,870	-	47,870	-	47,870
Issue of shares upon exercise of share options, net of expenses	180	1,442	-	-	(450)	-	1,172	-	1,172
At 31 December 2014 (Unaudited)	698,143	6,349,527	(33,461)	(23,053)	56,135	2,334,669	9,381,960	3,099,581	12,481,541

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	<b>Six months ended 31 December</b>	
	<b>2015 HK\$'000 (Unaudited)</b>	2014 HK\$'000 (Unaudited)
Net cash flows from/(used in) operating activities	<b>1,095,144</b>	(432,536)
Net cash flows used in investing activities		
Purchase of items of property, plant and equipment	<b>(3,048,462)</b>	(1,510)
Purchase of prepaid land lease payments	<b>(106,690)</b>	–
Increase in investment property	<b>(753,705)</b>	(205,912)
Acquisition of assets and liabilities through acquisition of subsidiaries (net of cash and bank balances acquired)	<b>17,023</b>	–
Addition to vines	<b>(2,893)</b>	(3,185)
Proceeds from disposal of items of property, plant and equipment	<b>298</b>	–
Repayment of a loan receivable	<b>15,889</b>	–
Interests received	<b>74</b>	438
	<b>(3,878,466)</b>	(210,169)
Net cash flows from financing activities		
Proceeds from bank borrowings	<b>906,707</b>	205,900
Loan from a related company	<b>1,842,156</b>	–
Proceeds from issue of shares, net of expenses	<b>5,755</b>	1,172
Repayment of bank borrowings	<b>(116)</b>	(132)
Interest and other finance charges paid	<b>(3,047)</b>	(2,471)
	<b>2,751,455</b>	204,469
Net decrease in cash and cash equivalents	<b>(31,867)</b>	(438,236)
Cash and cash equivalents at beginning of the period	<b>52,277</b>	678,424
Effect of foreign exchange rate changes, net	<b>14,944</b>	11,078
Cash and cash equivalents at end of the period, represented by cash and bank balances	<b>35,354</b>	251,266

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2015

## 1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and 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”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2015.

## 2. Significant Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2015.

## 3. Operating Segment Information

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

- (a) the factoring segment engages in the provision of factoring services;
- (b) the financial investments segment engages in securities and derivatives investment and trading and investment in financial instruments;
- (c) the winery and wine related segment engages in the investments and trading of wines, operation of vineyards and publication of a wine magazine; and
- (d) the property segment engages in property developments and investments.

The following tables present revenue and profit information for the Group’s business segments for the six months ended 31 December 2015 and 31 December 2014, respectively.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2015

### 3. Operating Segment Information (Continued)

#### For the six months ended 31 December 2015

	Factoring HK\$'000 (Unaudited)	Financial investments HK\$'000 (Unaudited)	Winery and wine related HK\$'000 (Unaudited)	Property HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment revenue:</b>					
Sales to external customers	120,573	–	171,337	–	291,910
<b>Segment results:</b>	89,368	(663)	17,211	493,617	599,533
<i>Reconciliations</i>					
Unallocated other income					45,748
Corporate administrative expenses					(77,271)
Finance costs					(53,860)
Profit before tax					514,150

#### For the six months ended 31 December 2014

	Factoring HK\$'000 (Unaudited)	Financial investments HK\$'000 (Unaudited)	Winery and wine related HK\$'000 (Unaudited)	Property HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment revenue:</b>					
Sales to external customers	120,571	–	143,215	–	263,786
<b>Segment results:</b>	97,402	(782)	60,821	1,364,574	1,522,015
<i>Reconciliations</i>					
Unallocated other income					590
Corporate administrative expenses					(99,313)
Finance costs					(27)
Profit before tax					1,423,265

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2015

**4. Revenue, Other Income and Gain**

An analysis of revenue, other income and gain is as follows:

	<b>Six months ended 31 December</b>	
	<b>2015 HK\$'000 (Unaudited)</b>	2014 HK\$'000 (Unaudited)
<b>Revenue</b>		
Handling fee income and interest income from factoring services	<b>120,573</b>	120,571
Sales of wine	<b>170,091</b>	143,215
Publishing	<b>1,246</b>	–
	<b>291,910</b>	263,786
<b>Other income</b>		
Bank interest income	<b>74</b>	438
Interest income on a loan receivable	<b>8,838</b>	–
Government grant	<b>4,618</b>	2,993
Reversal of impairment of a loan receivable	<b>36,836</b>	–
Others	<b>1,333</b>	153
	<b>51,699</b>	3,584
<b>Other gain</b>		
Fair value gain on a derivative financial instrument	<b>23,390</b>	–
	<b>75,089</b>	3,584

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2015

**5. Finance Costs**

	<b>Six months ended 31 December</b>	
	<b>2015 HK\$'000 (Unaudited)</b>	2014 HK\$'000 (Unaudited)
Interests on bank and other borrowings	<b>82,902</b>	13,986
Less: Amount capitalised in an investment property under construction (Note 12)	<b>(29,042)</b>	(13,959)
	<b>53,860</b>	27

**6. Profit Before Tax**

Profit before tax has been arrived at after charging/(crediting):

	<b>Six months ended 31 December</b>	
	<b>2015 HK\$'000 (Unaudited)</b>	2014 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	<b>21,600</b>	8,196
Less: Amount included in inventory overheads	<b>(2,388)</b>	(2,346)
	<b>19,212</b>	5,850
Amortisation of intangible assets	<b>454</b>	454
Amortisation of prepaid land lease payments	<b>840</b>	–
Reversal of impairment of a loan receivable	<b>36,836</b>	–
Loss on disposal of items of property, plant and equipment	<b>36</b>	–
Foreign exchange differences, net	<b>(6,846)</b>	7,398



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 7. Income Tax Expense

	<b>Six months ended 31 December</b>	
	<b>2015 HK\$'000 (Unaudited)</b>	2014 HK\$'000 (Unaudited)
Current – Hong Kong Charge for the period	<b>7,700</b>	9,000
Current – Elsewhere Charge for the period	<b>13,440</b>	9,908
Tax charge for the period	<b>21,140</b>	18,908

### 8. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (six months ended 31 December 2014: Nil).

### 9. Earnings Per Share

The calculation of the basic earnings per share is based on:

	<b>Six months ended 31 December</b>	
	<b>2015 HK\$'000 (Unaudited)</b>	2014 HK\$'000 (Unaudited)
<b>Earnings</b> Profit attributable to owners of the Company, used in the basic earnings per share calculation	<b>308,814</b>	850,107

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2015

**9. Earnings Per Share (Continued)**

	<b>Number of shares Six months ended 31 December</b>	
	<b>2015 '000</b>	2014 '000
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>6,986,178</b>	6,980,440
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>80,188</b>	76,386
	<b>7,066,366</b>	7,056,826

**10. Property, Plant and Equipment**

During the six months ended 31 December 2015, the Group acquired items of property, plant and equipment with a total cost of HK\$3,048,462,000 (six months ended 31 December 2014: HK\$1,510,000), including property, plant and equipment acquired through acquisition of assets and liabilities through subsidiaries with total cost of HK\$3,044,956,000 (Note 22) (six months ended 31 December 2014: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 11. Prepaid Land Lease Payments

The Group's prepaid land lease payments comprise land use rights in the People's Republic of China under medium-term leases.

Analysed for reporting purposes as:

	<b>31 December 2015 HK\$'000 (Unaudited)</b>	30 June 2015 HK\$'000 (Audited)
Current asset included in prepayments, deposits and other receivables	<b>2,458</b>	–
Non-current asset	<b>101,872</b>	–
	<b>104,330</b>	–

### 12. Investment Property

	<b>HK\$'000</b>
At 1 July 2014 (Audited)	7,000,000
Construction costs incurred	700,231
Finance costs capitalised	32,128
Change in fair value	2,017,641
At 30 June 2015 and 1 July 2015 (Audited)	9,750,000
Construction costs incurred	750,246
Finance costs capitalised (Note 5)	29,042
Change in fair value	470,712
At 31 December 2015 (Unaudited)	11,000,000

The Group's property interest held under an operating lease for rental purpose is measured using the fair value model and is classified and accounted for as investment property. The Group's investment property is under construction.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 12. Investment Property (Continued)

At 31 December 2015 and 30 June 2015, the Group's investment property under development stated at fair value was revalued by Savills Valuation and Professional Services Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis.

The valuation is arrived at using the residual approach and is estimated on the basis of the gross development value of the investment property by reference to its development potential deducting various costs, such as construction costs, contingency costs, finance costs and professional fees that will be expended to complete the development as well as the developer's profit to reflect the risks associated with the development of the investment property and the quality of the completed development. The gross development value is arrived at by making reference to the sales transactions or asking price evidences of comparable properties as available in the market with adjustments made to account for any differences and where appropriate.

At 31 December 2015, the Group's investment property with a carrying value of HK\$11,000,000,000 (30 June 2015: HK\$9,750,000,000) was pledged to secure banking facilities granted to the Group.

### 13. Trade Receivables

The Group allows a credit period of 120 to 227 days for factoring services and 14 to 60 days for wine trading. An aged analysis of trade receivables, presented based on the revenue recognition date, which is the invoice date for wine trading and the date of provision of credit for the factoring service, is as follows:

	<b>31 December 2015 HK\$'000 (Unaudited)</b>	30 June 2015 HK\$'000 (Audited)
0 to 120 days	<b>2,299,281</b>	3,502,892
121 to 150 days	–	1,144,947
151 to 180 days	<b>1,494,701</b>	741,807
181 to 365 days	<b>591,071</b>	243,614
	<b>4,385,053</b>	5,633,260

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 14. Loan Receivable

Loan receivable represented a loan granted to an independent third party. The loan was unsecured, interest-bearing at 20% per annum and was repayable within one year. During the six months ended 31 December 2015, a provision for impairment of HK\$36,836,000 was reversed because the outstanding balance together with the accrued interest was fully settled subsequent to the end of the reporting period.

### 15. Trade Payables

An aged analysis of trade payables, presented based on the invoice date for wine trading and the date which the liabilities are assumed by the Group for the factoring service, is as follows:

	<b>31 December 2015 HK\$'000 (Unaudited)</b>	30 June 2015 HK\$'000 (Audited)
0 to 120 days	<b>316,885</b>	1,686,616
121 to 150 days	–	168,168
151 to 180 days	<b>224,203</b>	107,187
181 to 365 days	<b>75,131</b>	13,826
	<b>616,219</b>	1,975,797

### 16. Due to Related Companies

The amounts due to related companies at 31 December 2015 are non-trade nature and are unsecured, non-interest bearing and repayable on demand except for an amount of HK\$53,179,000 (30 June 2015: Nil), which represented the accrued interests on a loan from a related company, was repayable within one year.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2015

**17. Interest-Bearing Bank Borrowings**

	31 December 2015			30 June 2015		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
Secured bank loans (Note a)	<b>1 month HIBOR + 3.4%</b>	<b>2016</b>	<b>1,983,689</b>	1 month HIBOR + 3.4%	2016	1,050,913
Unsecured bank loans (Note b)	<b>2.55% – 4.6%</b>	<b>2019</b>	<b>622</b>	2.55% – 4.6%	2019	750
			<b>1,984,311</b>			<b>1,051,663</b>
Analysed into bank loans repayable:						
Within one year or on demand			<b>1,983,853</b>			162
In the second year			<b>169</b>			1,051,081
In the third to fifth years, inclusive			<b>289</b>			420
			<b>1,984,311</b>			<b>1,051,663</b>
Less: Amounts due within one year shown under current liabilities			<b>(1,983,853)</b>			(162)
Amounts shown under non-current liabilities			<b>458</b>			1,051,501

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 17. Interest-Bearing Bank Borrowings (Continued)

Notes:

- (a) In 2012, a banking facility with an amount of HK\$3,000,000,000 (the "2012 Facility") was granted by a bank to a 60%-owned subsidiary, Smart Edge Limited ("Smart Edge"), which holds an investment property under development. Mr. Pan Sutong ("Mr. Pan"), a controlling shareholder of the Company, is beneficially interested in the remaining 40% of the issued share capital of Smart Edge. During the current period, another banking facility with an amount of HK\$500,000,000 (the "2015 Facility") was granted by the same bank to Smart Edge. The aggregate facilities under the 2012 Facility and 2015 Facility was HK\$3,100,000,000.

The above banking facilities are secured by, among others, the following:

- (i) mortgage over the entire share capital of Smart Edge;
- (ii) mortgage over the investment property under development with an aggregate carrying value of HK\$11,000,000,000 at 31 December 2015 (Note 12);
- (iii) a corporate guarantee given by the Company for an amount up to 60% of the outstanding bank borrowings; and
- (iv) a personal guarantee given by Mr. Pan for an amount up to 40% of the outstanding bank borrowings.
- (b) The banking facilities amounting to HK\$622,000 (30 June 2015: HK\$750,000) had been utilised as at the end of the reporting period, of which HK\$316,000 (30 June 2015: HK\$366,000) is guaranteed by an outsider who is one of the beneficial shareholders of the former non-controlling interests. The carrying amounts of bank borrowings as at 31 December 2015 and 30 June 2015 are denominated in Euros.

### 18. Loan from a Related Company

The amount at 31 December 2015 represents a loan from a related company, in which Mr. Pan has a beneficial interest. The amount was unsecured, interest-bearing at 8.5% per annum payable semi-annually, and was not repayable within one year.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2015

**19. Share Capital**

**Ordinary shares**

	<b>31 December 2015 HK\$'000 (Unaudited)</b>	30 June 2015 HK\$'000 (Audited)
Authorised: 11,000,000,000 (30 June 2015: 11,000,000,000) ordinary shares of HK\$0.10 each	<b>1,100,000</b>	1,100,000
Issued and fully paid: 6,987,581,992 (30 June 2015: 6,982,131,992) ordinary shares of HK\$0.10 each	<b>698,758</b>	698,213

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

	<b>Number of shares in issue</b>	<b>Share capital HK\$'000</b>
At 1 July 2014 (Audited)	6,979,631,992	697,963
Issue of shares upon exercise of share options	2,500,000	250
At 30 June 2015 and 1 July 2015 (Audited)	6,982,131,992	698,213
Issue of shares upon exercise of share options (Note 20)	5,450,000	545
At 31 December 2015 (Unaudited)	6,987,581,992	698,758



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 20. Share Option Schemes

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants. A share option scheme became effective on 29 January 2004 (the "2004 Scheme") and was terminated on 21 November 2013 prior to its expiration on 27 January 2014. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2004 Scheme. A new share option scheme was adopted and became effective on 21 November 2013 (the "2013 Scheme"). Details of the 2013 Scheme were disclosed in the Company's circular dated 21 October 2013.

The following share options were outstanding during the current period:

	<b>Number of share options</b>
<b>2004 Scheme</b>	
Outstanding at 1 July 2015	32,400,000
Granted during the period	–
Exercised during the period (Note a)	(4,550,000)
Outstanding at 31 December 2015	27,850,000
<b>2013 Scheme</b>	
Outstanding at 1 July 2015 (Note b)	138,550,000
Granted during the period	–
Exercised during the period (Note a)	(900,000)
Lapsed during the period (Note c)	(350,000)
Outstanding at 31 December 2015	137,300,000

Notes:

- (a) For the six months ended 31 December 2015, 4,550,000 (2014: 1,800,000) share options under the 2004 Scheme were exercised which resulted in the issue of 4,550,000 (2014: 1,800,000) ordinary shares of the Company and the new share capital of HK\$455,000 (2014: HK\$180,000) and share premium of approximately HK\$2,520,000 (2014: HK\$996,000) before issue expenses.

For the six months ended 31 December 2015, 900,000 (2014: Nil) share options under the 2013 Scheme were exercised which resulted in the issue of 900,000 (2014: Nil) ordinary shares of the Company and the new share capital of HK\$90,000 (2014: Nil) and share premium of approximately HK\$2,698,000 (2014: Nil) before issue expenses.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 20. Share Option Schemes (Continued)

Notes: (Continued)

- (b) During the six months ended 31 December 2014, 138,550,000 share options was granted on 18 July 2014 under the 2013 Scheme.

The closing price of the Company's shares immediately before 18 July 2014, the date of grant, was HK\$3.11.

The fair value of the equity-settled share options granted during the prior period was HK\$194,451,000 of which the Group recognised a share option expense of HK\$29,648,000 (six months ended 31 December 2014: HK\$47,870,000) for the period.

The fair value of equity-settled share options granted during the prior period was estimated as at the date of grant using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	N/A
Expected volatility (%)	48.25
Risk-free interest rate (%)	2.565
Expected life of options (year)	10
Weighted average share price (HK\$ per share)	3.05

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

- (c) During the six months ended 31 December 2015, 350,000 options under the 2013 Scheme were lapsed upon cessation of employment of the participants in accordance with the terms of the 2013 Scheme (six months ended 31 December 2014: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 21. Commitments

The Group had the following capital commitments at the end of the reporting period:

	<b>31 December 2015 HK\$'000 (Unaudited)</b>	30 June 2015 HK\$'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	<b>250,000</b>	–
Investment property	<b>433,749</b>	1,183,954
Acquisition of companies	–	3,110,505
	<b>683,749</b>	4,294,459

### 22. Acquisition of Assets and Liabilities through Acquisition of Subsidiaries

On 13 March 2015, the Group entered into an agreement with Mr. Pan, an executive director and a substantial shareholder of the Company, to acquire (i) the entire issued share capital of Treasure Channel Holdings Limited, a company incorporated in the British Virgin Islands ("BVI"), (the "Tianjin Target Company") and (ii) the shareholder's loan due by the Tianjin Target Company to Mr. Pan for a cash consideration of HK\$1,316,703,000 (the "Tianjin Acquisition"). The principal assets of the Tianjin Target Company consist of a parcel of land and buildings and structures in Tianjin to be used for wine storage.

On the same date, the Group entered into an agreement with Prosper Giant Investments Limited ("Prosper Giant"), an entity wholly and beneficially owned by Mr. Pan to acquire (i) the entire issued capital of Goldin Logistics Holdings Limited, a company incorporated in the BVI, (the "Guangzhou Target Company") and (ii) the shareholder's loan owing by the Guangzhou Target Company to Prosper Giant, for a cash consideration of HK\$1,663,916,000 (the "Guangzhou Acquisition"). The principal assets of the Guangzhou Target Company consist of two parcels of land together with all the buildings and structures erected thereon and other factory and appurtenances thereto in Guangzhou to be used for wine storage.

The Tianjin Acquisition and the Guangzhou Acquisition were completed on 31 August 2015. The final consideration for the acquisitions is subject to adjustment, after taking into account of the completion accounts of the Tianjin Target Company and the Guangzhou Target Company.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2015

**22. Acquisition of Assets and Liabilities through Acquisition of Subsidiaries (Continued)**

The above transactions have been accounted as purchases of assets and liabilities.

	<b>HK\$'000 (Unaudited)</b>
<hr/>	
Assets and liabilities acquired:	
Property, plant and equipment	3,044,956
Prepaid lease payments	106,690
Deposits and other receivables	5,757
Cash and bank balances	17,023
Other payables and accruals	(110,130)
Due to related companies	(83,677)
<hr/>	
Provisional consideration	2,980,619
<hr/>	
Satisfied by:	
Cash consideration	1,859,179
Deferred consideration included in other payables and accruals	1,121,440
<hr/>	
	2,980,619
<hr/>	
Net cash flows used in acquisition:	
Cash and bank balances acquired	17,023
Cash consideration paid	(1,859,179)
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	(1,842,156)
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 23. Related Party Transactions

- (a) During the period, the Group had the following transactions with related parties:

	<b>Six months ended 31 December</b>	
	<b>2015 HK\$'000 (Unaudited)</b>	2014 HK\$'000 (Unaudited)
Transactions with related companies in which a substantial shareholder of the Company has beneficial interests:		
Sales of wines	<b>2,225</b>	571
Project management fee paid	<b>1,170</b>	1,170
Handling fee income and interest income from factoring services	<b>57,418</b>	78,337
Rental expenses	<b>459</b>	–
Consultancy service fee	<b>300</b>	–
Interest expense	<b>53,183</b>	–

- (b) Compensation of key management personnel

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

	<b>Six months ended 31 December</b>	
	<b>2015 HK\$'000 (Unaudited)</b>	2014 HK\$'000 (Unaudited)
Short-term employee benefits	<b>6,496</b>	4,720
Equity-settled share option expenses	<b>3,661</b>	5,273
	<b>10,157</b>	9,993

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 24. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2015 HK\$'000	30 June 2015 HK\$'000	31 December 2015 HK\$'000	30 June 2015 HK\$'000
Financial liabilities				
Derivative financial instrument	<b>17,068</b>	40,458	<b>17,068</b>	40,458

The Group did not have any financial assets measured at fair value as at 31 December 2015 and 30 June 2015.

Management has assessed that the fair values of cash and bank balances, trade receivables, a loan receivable, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in accruals, other payables and receipts in advance, amounts due to the immediate holding company and related companies, a loan from a related company and the current portion of interest-bearing bank borrowings approximate their carrying values largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturity. The Group's own non-performance risk for bank borrowings as at 31 December 2015 was assessed to be insignificant. The fair value approximated its carrying value as at 31 December 2015.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

### 24. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

The fair value of the derivative financial instrument was estimated by the binomial option pricing model. The models incorporate various inputs which have a significant effect on the recorded fair value are not based on observable market data. The Group's derivative financial instrument is categorised in level 3 of the fair value measurement as at 31 December 2015. The Group's own non-performance risk for derivative financial instrument as at 31 December 2015 was assessed to be insignificant.

#### Liabilities measured at fair value:

	Quoted prices in active market (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
As at 31 December 2015				
Derivative financial instrument	–	–	17,068	17,068
As at 30 June 2015				
Derivative financial instrument	–	–	40,458	40,458

The movements in fair value measurements in Level 3 during the period are as follows:

	HK\$'000
Derivative financial instrument:	
At 1 July 2015 (Audited)	40,458
Fair value gain recognised in profit or loss	(23,390)
At 31 December 2015 (Unaudited)	17,068

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).