



**GOLDIN FINANCIAL HOLDINGS LIMITED**

**高銀金融(集團)有限公司\***

(Incorporated in Bermuda with limited liability)

(Stock Code : 530)

Beyond the impossible,  
lies a world  
Rich with possibilities  
突破常規 成就不可能

Interim Report  
2016/17



\* for identification purposes only

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## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors

Mr. Pan Sutong (*Chairman*)

Professor Huang Xiaojian

Mr. Zhou Xiaojun

Ms. Hou Qin

#### Independent Non-executive Directors

Hon. Shek Lai Him Abraham (*GBS, JP*) (appointed on 9 January 2017)

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

Hon. Shek Lai Him Abraham (*GBS, JP*) (*Chairman of Nomination Committee*)  
(appointed on 9 January 2017)

Mr. Pan Sutong (ceased as chairman on 9 January 2017 and remains a member)

Ms. Hui Wai Man, Shirley

Ms. Gao Min

#### Corporate Governance Committee

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

Mr. Zhou Xiaojun

### Company Secretary

Ms. Lun Hau Mun

### 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

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Wing Lung Bank, Limited

## 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

## Stock Code

530

## Investor Relations

For more information about the Group, please visit our company website on [www.goldinfinancial.com](http://www.goldinfinancial.com)

or contact our Corporate Development Department at  
Email: [ir@goldinfinancial.com](mailto:ir@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 2016.

### Management Discussion and Analysis

During the six months ended 31 December 2016 ("the first half of FY2017" or "the period under review"), the Group recorded revenue of approximately HK\$293.9 million, representing a slight increase of 0.7% over the revenue of approximately HK\$291.9 million for the same period in the previous financial year ("FY2016"). The increase was mainly due to the increased revenues generated by our wine trading operations. Gross profit for the period under review amounted to HK\$231.8 million, which was a rise of 39.2% compared with the HK\$166.5 million for the same period in FY2016. The increased gross profit was mainly resulted from the improved profit margin for our wine products in the period under review. Profit attributable to the owners of the Company was approximately HK\$956.8 million, which represented an increase of 209.8% compared with the approximately HK\$308.8 million for the first half of FY2016. The growth in profit was mainly due to a fair value gain of HK\$1,494.9 million recorded for our investment property, the Goldin Financial Global Centre. The gain was substantially larger than that of HK\$470.7 million for the same period in FY2016.

### Business Review

#### Factoring

According to the data from Factors Chain International, global factoring volume began to slow down in 2015 after having experienced robust growth for the past five years. In 2016, the worldwide trade remained sluggish according to the latest statistics from the World Trade Organization, largely in line with the global economic trend. The sluggish economy may affect the annual global factoring volume in terms of the weaker demand for imports and exports.

## **Business Review (Continued)**

### **Factoring (Continued)**

In 2016, we have also witnessed increasing competition in the China factoring market. On one hand, the favourable condition supported by the government's stimulus measures in China has resulted in the number of registered domestic commercial factors growing significantly to over 5,000 by December 2016, double of those in 2015.<sup>#</sup> On the other hand, the lowering of short term RMB benchmark lending rate by People's Bank of China by end of October 2015 has reduced the finance cost burden for local enterprises. However, it at the same time also unavoidably decreased the factoring revenues in terms of handling fees and discounting charges.

Against this backdrop, our factoring business continued to face strong competition in China. For the first half of FY2017, our factoring business recorded revenue of approximately HK\$96.4 million (the same period in FY2016: HK\$120.6 million), down by 20.1%, while profit from this business segment decreased by 24.3% to approximately HK\$67.7 million, compared with the HK\$89.4 million for the same period of FY2016.

### **Wine**

Wine consumption in China has been escalating in recent years. Statistics from the Chinese Customs shows that in 2016 the country imported more bottled wines (a 22% growth in volume and a 17% growth in value) compared with 2015, reflecting a higher wine consumption by the middle-class and the affluent in China for affordable and good quality wines. Increasing disposable income and the growth of e-commerce in the country have also made imported wine more accessible, according to China Landscapes 2016. Accordingly, China continues to attract most wine merchants in the world as it offers ample business opportunities for growth.

<sup>#</sup> Source: 中國服務貿易協會商業保理專業委員會 (Commercial Factoring Expertise Committee of CATIS)

### Business Review (Continued)

#### Wine (Continued)

In the period under review, the Group continued to implement global marketing and distribution strategies. New distributors were appointed in key markets of the world to enhance visibility and branding. The Group also promoted its wine club and wine cellars in Guangzhou and Tianjin to wine lovers. For retail clientele, the Group has set up a point of sale for wines in its fine dining restaurants at the newly opened Goldin Financial Global Centre in Kowloon Bay to cater consumer's need. The "Congeodle (江南庭敍)" which offers home-style cooking and the "Dynasty Garden (皇御園)" which provides authentic Cantonese cuisine came into operation in November and December 2016 respectively, and soon attracted customers from nearby areas.

During the first half of FY2017, the wine and wine related business recorded revenue of approximately HK\$193.4 million (first half of FY2016: HK\$171.3 million). This represented an increase of 12.9% over that of the same period in FY2016. Segment profit from our wine business was approximately HK\$73.2 million (first half of FY2016: HK\$17.2 million), which represented an increase of 325.6% over the same period in FY2016. This increase was mainly due to the larger gross profit generated by our trading of the Group's self-produced wines compared to the same period in FY2016.

#### Real Estate

The first half of FY2017 has been fruitful for our real estate business, not only do we see the official opening for the investment property Goldin Financial Global Centre in October, but also major steps towards property development with tender acceptance for the Ho Man Tin Station Package One Project Development in December, in addition to the Ho Man Tin Sheung Shing Street Project already awarded in March 2016.

#### *Property Investment*

The Kwun Tong Line of Hong Kong's Mass Transit Railway ("MTR") has recently been extended to the traditional residential zones of Ho Man Tin and Whampoa in Kowloon. Furthermore, a new station will be built in Kai Tai Development Area on the future Shatin-to-Central Link. With the improving transport connectivity in Kowloon East in the medium term, we foresee a promising future for the alternate central business district ("CBD2") with more convenience for commuters and a business hub for commercial activities in the region.

**Business Review (Continued)****Real Estate (Continued)***Property Investment (Continued)*

Our Goldin Financial Global Centre was officially opened on 31 October 2016. Located at CBD2 in Kowloon Bay, Goldin Financial Global Centre is a 27-storey Grade-A office building with 4 restaurants and a 3-storey basement car park. It has a total of approximately 800,000 square feet premium office space and 100,000 square feet dining area. Ground to second floors are designated for specialty and fine-dining restaurants which featured impeccable cuisines. We are actively marketing the building and in negotiations with international corporations who are looking for premium office spaces.

During the period under review, the Group recorded a fair value gain of approximately HK\$1,494.9 million in respect of Goldin Financial Global Centre in the first half of FY2017 (the first half of FY2016: HK\$470.7 million), owing to the significant appreciation of the commercial properties in value in CBD2.

*Property Development*

Acquired in March 2016, the Group stepped into property development with the first project in Sheung Shing Street, Ho Man Tin comprising a total site area of approximately 9,074 square metres for private residential purpose. We are progressing well with the planning and design of the project and are now proceeding to the development stage of the project. The development shall be completed and made fit for occupation on or before 31 December 2021. During the period under review, the Group transferred a 40% equity interest in the property development project in Sheung Shing Street to the controlling shareholder, Mr. Pan Sutong. The move was aimed at lowering the Group's capital commitment to the development of the project while maintaining the profit contribution to the Group.

In December 2016, the Group's 50.1%-owned joint venture submitted a tender for a residential property development project at the northern portion of the Ho Man Tin Station (the "Ho Man Tin Station Package One Project Development") and won the bid. The gross floor area of this second property development project will range between approximately 41,400 square metres and 69,000 square metres, with between 800 and 1,000 private residential flats to be built by 31 December 2022. The total development costs (including the assessed premium) are projected to be around HK\$13 billion.



### Financial Review

#### Liquidity, Financial Resources and Gearing

As at 31 December 2016, the Group's working capital stood at approximately HK\$1,493.8 million, representing an increase of 729.4% over the HK\$180.1 million figure recorded on 30 June 2016. Cash and cash equivalents totalled approximately HK\$859.8 million, representing an increase of 912.7% over the HK\$84.9 million on 30 June 2016.

As at 31 December 2016, the Group had outstanding bank loans of approximately HK\$9,421.6 million (30 June 2016: HK\$9,272.9 million). The loan drawdown during the period was mainly for financing the construction and interior fitting costs of our Goldin Financial Global Centre prior to its grand opening in late October 2016. The Group also maintained a borrowing facility of US\$500 million (equivalent to HK\$3,877.2 million) from a related company in which Mr. Pan Sutong ("Mr. Pan"), a controlling shareholder of the Company, has a beneficial interest. As at 31 December 2016, approximately US\$8.7 million (equivalent to HK\$67.1 million) (30 June 2016: US\$8.5 million (equivalent to HK\$66.3 million)) of the facilities were utilized. The undrawn borrowing facility was approximately US\$491.3 million (equivalent to HK\$3,810.1 million) as at 31 December 2016 (30 June 2016: US\$491.5 million (equivalent to HK\$3,813.0 million)). During the current period, the Group had drawn down loans from the non-controlling interests amounting to HK\$1,567.5 million (30 June 2016: Nil), which was mainly for financing the acquisition of the Group's properties under development.

The gearing ratio of total bank and other borrowings divided by total assets of the Group as at 31 December 2016 was maintained at a healthy level of 35.7%, which approximated the figure of 33.4% as at 30 June 2016. The ratio of net debts (total bank and other borrowings net of cash and bank balances) divided by total assets was approximately 32.9% (30 June 2016: 33.1%).

**Financial Review (Continued)****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 2016, the 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\$3,736.0 million (30 June 2016: HK\$3,647.5 million).

As at 31 December 2016, the banking facilities offered to a property development subsidiary which is subject to guarantees given to the bank by the Company for up to 60% of the facilities amount, had been utilized to the extent of HK\$1,915.0 million (30 June 2016: HK\$3,191.6 million).

**Pledge of Assets**

As at 31 December 2016, the Group's secured bank loans were secured by (i) the investment property with an aggregate carrying value of HK\$14,200 million (30 June 2016: HK\$12,500 million); (ii) the properties under development with an aggregate carrying value of HK\$6,626 million (30 June 2016: HK\$6,521 million); (iii) the entire share capital of Smart Edge Limited, a 60% owned subsidiary which holds the investment property, and (iv) the entire share capital of Gold Topmont Limited, an indirect 60%-owned subsidiary of the Company which holds the properties under development.

In addition, the Group pledged its prepaid land lease payments with a net carrying amount of HK\$95 million (30 June 2016: HK\$101 million) and buildings with a net carrying amount of HK\$2,743 million (30 June 2016: HK\$2,902 million) for a banking facility granted but not yet utilized as at 30 June 2016 and 31 December 2016.

### **Prospects** **Factoring**

Global economic activities remain lackluster as economic and geopolitical uncertainties loom large. Total exports from China are expected to contract further given the turbulence in Europe and the uncertainty in United States with the new presidency. In addition, China's factoring market is likely to remain very competitive as more commercial factors enter the market. In view of these market conditions, we will strive to maintain the competitive edge of our factoring business and continue our prudent approach to managing risks and selecting clients. We will also explore possibilities of forming new ventures and cooperating with other commercial factors and financial institutions to develop new products and services in China's financial sector.

### **Wine**

The wine industry in China and Hong Kong is burgeoning. The culture of wine has also been flourishing across various wine-related businesses such as trading, investment, education and promotional activities and tourism. To tap the potential of Hong Kong and China as the world's two fastest-growing wine markets, global wine merchants and international wine companies have already set up their regional trading and distribution bases in Hong Kong. The Group's wine-trading business will continue to develop steadily, aiming for a wider market coverage in China's key cities. The Group will continue to explore other possibilities in the wine business and other related businesses in order to increase its market penetration in China and Hong Kong.

Besides the two Chinese restaurants in operation, a new restaurant "Le Pan" offering contemporary French dining and a Japanese restaurant "Matsunichi" will become operational at our Goldin Financial Global Centre in the second half of FY2017. We will continue to develop our wine and lifestyle business, and is optimistic about the prospect of our specialty and fine-dining restaurants.

## Prospects (Continued)

### Real Estate

#### Property Investment

Upon the opening of Goldin Financial Global Centre in late October 2016, we expect a gradual and progressive take up in the occupancy for office space in order to maintain a healthy tenant portfolio. As new office supply will continue to outpace the take up in Kowloon East in the near future, office rent continues to be competitive. Nevertheless, we are optimistic for the CBD2 in Kowloon East being a favourable option for corporations who would like to decentralize from other areas. In the last two quarters we saw a number of multinational conglomerates and companies, in particular those in the banking and finance sector, taking up in the CBD2.

We remain confident that Goldin Financial Global Centre will continue to bring in a steady stream of rental income in future.

#### Property Development

Our two property development projects are located in the traditional luxurious residential district in Sheung Shing Street, Ho Man Tin and in the northern portion of the new Ho Man Tin Station of the MTR respectively. Northbound passengers can travel to Kowloon East and the Eastern New Territories through Ho Man Tin Station which will serve as an interchange station for the future Shatin-to-Central Link of the MTR. The Ho Man Tin district will serve as a hub of interchange in the city in future. We are optimistic about the future revenues that the Group will generate upon the completion of the projects.

We remain confident that our real estate business will continue to be prosperous as it is bolstered by Goldin Financial Global Centre in terms of investment value and rental income and the contribution from the new residential property developments.

### 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, 28 February 2017

## OTHER INFORMATION

### Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2016 (2015: Nil).

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

As at 31 December 2016, 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	219,763,000	4,714,821,634	–	4,934,584,634	70.60%
Professor Huang Xiaojian	2	–	–	3,000,000	3,000,000	0.04%
Mr. Zhou Xiaojun	2	–	–	2,000,000	2,000,000	0.03%
Ms. Hou Qin	2	1,560,000	–	–	7,560,000	0.11%
		–	–	6,000,000		

\* The percentage has been calculated based on 6,989,651,992 Shares in issue as at 31 December 2016.

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

Notes:

1. The 4,714,821,634 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 4,670,505,634 Shares, of which as to 4,473,545,636 Shares held by Goldin Global Holdings Limited and as to 196,959,998 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) 44,316,000 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 2016, 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 2016, 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	64.00%
Mr. Pan Sutong	2	Interests held as beneficial owner and through controlled corporations	4,934,584,634	4,934,584,634	70.60%

\* The percentage has been calculated based on 6,989,651,992 Shares in issue as at 31 December 2016.

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 4,714,821,634 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 4,670,505,634 Shares, as to which 4,473,545,636 Shares held by Goldin Global Holdings Limited (as disclosed in Note 1 above) and 196,959,998 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 wholly owned by Goldin Investment Holdings Limited, which is, in turn, a 100% owned subsidiary of Goldin Real Estate Financial.
  - (ii) 44,316,000 Shares held by Clear Jade International Limited which is wholly owned by Mr. Pan.

Save as disclosed above, as at 31 December 2016, 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 2016 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 2016	Exercisable period
			As at 1 July 2016	Granted during the period	Lapsed during the period	Exercised during the period			
<b>Director</b>									
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	
			3,000,000	-	-	-	3,000,000		
<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	2,000,000	-	-	-	2,000,000	22/01/2012 – 21/07/2019	
	23/07/2009	0.652	5,205,000	-	-	-	5,205,000	23/01/2010 – 22/07/2019	
	23/07/2009	0.652	5,205,000	-	-	-	5,205,000	23/01/2011 – 22/07/2019	
			6,940,000	-	-	-	6,940,000	23/01/2012 – 22/07/2019	
			23,350,000	-	-	-	23,350,000		
<b>TOTAL</b>			<b>26,350,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,350,000</b>		

## 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 2016	Exercisable period
			As at 1 July 2016	Granted during the period	Lapsed during the period	Exercised during the period			
<b>Directors</b>									
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	
Zhou Xiaojun	18/07/2014	3.098	600,000	-	-	-	600,000	18/07/2015 – 17/07/2024	
	18/07/2014	3.098	600,000	-	-	-	600,000	18/07/2016 – 17/07/2024	
	18/07/2014	3.098	800,000	-	-	-	800,000	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	
			8,000,000	-	-	-	8,000,000		
<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		

## 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 31 December 2016	Exercisable period
			As at 1 July 2016	Granted during the period	Lapsed during the period	Exercised during the period			
Employees and others in aggregate (including directors of certain subsidiaries)	18/07/2014	3.098	37,080,000	-	(225,000)	-	36,855,000	18/07/2015 – 17/07/2024	
	18/07/2014	3.098	38,550,000	-	(345,000)	-	38,205,000	18/07/2016 – 17/07/2024	
	18/07/2014	3.098	51,400,000	-	(460,000)	-	50,940,000	18/07/2017 – 17/07/2024	
			127,030,000	-	(1,030,000)	-	126,000,000		
<b>TOTAL</b>			<b>136,530,000</b>	<b>-</b>	<b>(1,030,000)</b>	<b>-</b>	<b>135,500,000</b>		

Note: 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.

### Specific Performance Obligations on Controlling Shareholder

The Group has obtained banking facilities with certain banks with specific performance obligations on the controlling shareholder:

- (1) Smart Edge Limited ("Smart Edge"), an indirect 60%-owned subsidiary of the Company, entered into a 11-month facility agreement (as amended) of up to HK\$6,400 million which requires Mr. Pan to (i) beneficially own not less than 40% interest in Smart Edge; and (ii) retain his control over the Company and remains as Chairman of the Board throughout the term of the loan agreement.

### **Specific Performance Obligations on Controlling Shareholder (Continued)**

- (2) Gold Topmont Limited, an indirect 60%-owned subsidiary of the Company, entered into a one-year facility agreement of up to HK\$3,192 million which requires Mr. Pan to retain his control over the Company and remains as Chairman of the Board throughout the term of the loan facility.

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

Throughout the six months ended 31 December 2016, 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.

Paragraph E.1.2 of the Code Provisions stipulated that the chairman of the board should attend the annual general meeting. Due to other business engagements, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 29 November 2016. There were other executive Directors and independent non-executive Directors present at the meeting for the question-and-answer session to ensure effective communication with the shareholders.

## **OTHER INFORMATION (CONTINUED)**

### **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 2016.

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

During the six months ended 31 December 2016, 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 2016, the Group had about 305 employees (2015: 144). Total staff costs for the six months ended 31 December 2016 were approximately HK\$48.9 million (2015: HK\$42.5 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 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 consolidated interim financial statements of the Group for the six months ended 31 December 2016.

### **Change in Information of the Directors**

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of the Directors since the date of the Company's Annual Report 2015/16 are set out below:

- (1) Ms. Hui Wai Man, Shirley resigned as an independent non-executive director of Fresh Express Delivery Holdings Group Co., Ltd, a company listed on the Main Board of the Stock Exchange, on 1 December 2016.
- (2) Hon. Shek Lai Him Abraham (*GBS, JP*) was appointed an independent non-executive Director and the chairman of the Nomination Committee of the Company both with effect from 9 January 2017.
- (3) Mr. Pan Sutong ceased to be the chairman of the Nomination Committee on 9 January 2017 and he remains a member of the Nomination Committee of the Company.

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

For the six months ended 31 December 2016

		<b>Six months ended 31 December</b>	
	Notes	<b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)
Revenue	4	<b>293,876</b>	291,910
Cost of sales		<b>(62,112)</b>	(125,363)
Gross profit		<b>231,764</b>	166,547
Other income and gain	4	<b>220</b>	75,089
Increase in fair value of investment property	11	<b>1,494,906</b>	470,712
Selling and distribution expenses		<b>(7,162)</b>	(8,580)
Administrative expenses		<b>(139,777)</b>	(135,758)
Finance costs	5	<b>(19,102)</b>	(53,860)
<b>Profit before tax</b>	6	<b>1,560,849</b>	514,150
Income tax expense	7	<b>(20,100)</b>	(21,140)
<b>Profit for the period</b>		<b>1,540,749</b>	493,010
<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>(191,902)</b>	(180,955)
<b>Total comprehensive income for the period</b>		<b>1,348,847</b>	312,055

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

For the six months ended 31 December 2016

		<b>Six months ended 31 December</b>	
Note	<b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)	
<b>Profit for the period attributable to:</b>			
	<b>956,804</b>	308,814	
Owners of the Company			
	<b>583,945</b>	184,196	
Non-controlling interests			
	<b>1,540,749</b>	493,010	
<b>Total comprehensive income attributable to:</b>			
	<b>764,902</b>	127,859	
Owners of the Company			
	<b>583,945</b>	184,196	
Non-controlling interests			
	<b>1,348,847</b>	312,055	
<b>Earnings per share attributable to owners of the Company</b>			
	9		
Basic			
– For profit for the period	<b>HK13.69 cents</b>	HK4.42 cents	
Diluted			
– For profit for the period	<b>HK13.61 cents</b>	HK4.37 cents	



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	31 December 2016 HK\$'000 (Unaudited)	30 June 2016 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,473,716	3,255,250
Investment property	11	14,200,000	12,500,000
Prepaid land lease payments		92,976	98,473
Intangible assets		94,845	96,168
Vines		8,502	11,775
Deposits		–	331,384
Total non-current assets		17,870,039	16,293,050
<b>CURRENT ASSETS</b>			
Deposit paid for acquisition of properties under development		1,030,000	–
Inventories		428,989	454,406
Properties under development		6,626,334	6,520,983
Prepayments, deposits and other receivables		36,965	41,928
Trade receivables	12	4,149,393	4,563,058
Due from a related company		1,911	1,910
Cash and bank balances		859,782	84,854
Total current assets		13,133,374	11,667,139
<b>CURRENT LIABILITIES</b>			
Trade payables	13	578,527	629,157
Accruals, other payables and receipts in advance		1,318,037	1,375,829
Due to related companies		52,765	148,436
Due to non-controlling shareholders		205,291	–
Tax payable		63,596	61,064
Interest-bearing bank borrowings		9,421,369	9,272,524
Total current liabilities		11,639,585	11,487,010
<b>NET CURRENT ASSETS</b>		1,493,789	180,129
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		19,363,828	16,473,179

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

At 31 December 2016

	Notes	<b>31 December 2016 HK\$'000 (Unaudited)</b>	30 June 2016 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		<b>279</b>	420
Due to a controlling shareholder and a related company		<b>1,902,230</b>	1,941,848
Loan from a related company		<b>67,058</b>	66,299
Loans from non-controlling shareholders	14	<b>1,567,456</b>	–
Deferred tax liabilities		<b>18,923</b>	19,974
Total non-current liabilities		<b>3,555,946</b>	2,028,541
Net assets		<b>15,807,882</b>	14,444,638
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	15	<b>698,965</b>	698,965
Reserves		<b>10,570,318</b>	9,787,863
		<b>11,269,283</b>	10,486,828
Non-controlling interests		<b>4,538,599</b>	3,957,810
Total equity		<b>15,807,882</b>	14,444,638

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	Attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	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			
At 1 July 2016 (audited)	698,965	6,361,692	(33,461)	(300,473)	167,735	3,592,370	10,486,828	3,957,810	14,444,638
Profit for the period	-	-	-	-	-	956,804	956,804	583,945	1,540,749
Other comprehensive income for the period: Exchange differences on translation of foreign operations	-	-	-	(191,902)	-	-	(191,902)	-	(191,902)
Total comprehensive income for the period	-	-	-	(191,902)	-	956,804	764,902	583,945	1,348,847
Deemed disposals of subsidiaries without change in control	-	-	3,156	-	-	-	3,156	(3,156)	-
Equity-settled share option arrangements	-	-	-	-	14,397	-	14,397	-	14,397
Transfer of share option reserve upon the lapse of share options	-	-	-	-	(1,265)	1,265	-	-	-
At 31 December 2016 (unaudited)	698,965	6,361,692	(30,305)	(492,375)	180,867	4,550,439	11,269,283	4,538,599	15,807,882
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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016

	<b>Six months ended 31 December</b>	
	<b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)
Net cash flows used in operating activities	<b>(675,031)</b>	(214,346)
Net cash flows used in investing activities		
Purchase of items of property, plant and equipment	<b>(63,362)</b>	(3,506)
Increase in investment property	<b>(178,031)</b>	(753,705)
Acquisition of assets and liabilities through acquisition of subsidiaries (net of cash and bank balances acquired)	–	17,023
Addition to vines	<b>(2,825)</b>	(2,893)
Proceeds from disposal of items of property, plant and equipment	<b>138</b>	298
Repayment of a loan receivable	–	15,889
Interests received	<b>12</b>	74
	<b>(244,068)</b>	(726,820)
Net cash flows from financing activities		
Proceeds from bank borrowings	<b>149,760</b>	906,707
Loan from a related company	<b>48,366</b>	–
Loans from non-controlling shareholders	<b>1,567,456</b>	–
Proceeds from issue of shares, net of expenses	–	5,755
Repayment of bank borrowings	<b>(878)</b>	(116)
Interest and other finance charges paid	<b>(70,526)</b>	(3,047)
	<b>1,694,178</b>	909,299
Net increase/(decrease) in cash and cash equivalents	<b>775,079</b>	(31,867)
Cash and cash equivalents at beginning of the period	<b>84,854</b>	52,277
Effect of foreign exchange rate changes, net	<b>(151)</b>	14,944
Cash and cash equivalents at end of the period, represented by cash and bank balances	<b>859,782</b>	35,354

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2016

## 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 2016.

## 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 2016, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are effective for the first time for the Group’s annual periods beginning on or after 1 July 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has no significant financial effect on these condensed consolidated financial statements.

### **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 trading of wines, wine storage, operation of vineyards, operation of restaurants and publication of a wine magazine; and
- (d) the property segment engages in property development and investment.

The following tables present revenue and profit information for the Group's business segments for the six months ended 31 December 2016 and 31 December 2015, respectively.

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

For the six months ended 31 December 2016

### 3. Operating Segment Information (Continued)

#### For the six months ended 31 December 2016

	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	96,375	–	193,407	4,094	293,876
<b>Segment results:</b>	67,689	(868)	73,233	1,481,425	1,621,479
<i>Reconciliations</i>					
Unallocated other income					12
Corporate administrative expenses					(41,540)
Finance costs					(19,102)
Profit before tax					<b>1,560,849</b>

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					<b>514,150</b>

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

For the six months ended 31 December 2016

**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>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)
<b>Revenue</b>		
Handling fee income and interest income from factoring services	<b>96,375</b>	120,573
Sales of wine	<b>185,162</b>	170,091
Publishing	<b>145</b>	1,246
Storage fee income	<b>4,472</b>	–
Restaurant operations	<b>3,628</b>	–
Rental income	<b>4,094</b>	–
	<b>293,876</b>	291,910
<b>Other income</b>		
Bank interest income	<b>12</b>	74
Interest income on a loan receivable	–	8,838
Government grant	–	4,618
Reversal of impairment of a loan receivable	–	36,836
Others	<b>208</b>	1,333
	<b>220</b>	51,699
<b>Other gain</b>		
Fair value gain on a derivative financial instrument	–	23,390
	<b>220</b>	75,089



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

For the six months ended 31 December 2016

### 5. Finance Costs

	<b>Six months ended 31 December</b>	
	<b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)
Interests on bank and other borrowings	<b>148,223</b>	82,902
Less: Interest capitalised	<b>(129,121)</b>	(29,042)
	<b>19,102</b>	53,860

### 6. Profit before Tax

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

	<b>Six months ended 31 December</b>	
	<b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	<b>47,038</b>	21,600
Less: Amount included in inventory overheads	<b>(2,387)</b>	(2,388)
	<b>44,651</b>	19,212
Amortisation of intangible assets	<b>454</b>	454
Amortisation of prepaid land lease payments	<b>1,183</b>	840
Reversal of impairment of a loan receivable	–	36,836
Loss/(gain) on disposal of items of property, plant and equipment	<b>(9)</b>	36
Foreign exchange differences, net	<b>(28,465)</b>	(6,846)

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

For the six months ended 31 December 2016

**7. Income Tax Expense**

	<b>Six months ended 31 December</b>	
	<b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)
Current – Hong Kong Charge for the period	<b>13,600</b>	7,700
Current – Elsewhere Charge for the period	<b>6,500</b>	13,440
Tax charge for the period	<b>20,100</b>	21,140

**8. Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2016 (six months ended 31 December 2015: Nil).

**9. Earnings per Share**

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

	<b>Six months ended 31 December</b>	
	<b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)
<b>Earnings</b> Profit attributable to owners of the Company, used in the basic earnings per share calculation	<b>956,804</b>	308,814

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

For the six months ended 31 December 2016

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

	<b>Number of shares Six months ended 31 December</b>	
	<b>2016 '000</b>	2015 '000
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>6,989,652</b>	6,986,178
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>41,514</b>	80,188
	<b>7,031,166</b>	7,066,366

**10. Property, Plant and Equipment**

During the six months ended 31 December 2016, additions of property, plant and equipment amounted to HK\$398,511,000 in aggregate (six months ended 31 December 2015: HK\$3,048,462,000), including an amount of HK\$331,384,000 transferred from deposits paid for purchases of property, plant and equipment (six months ended 31 December 2015: Nil).

At 31 December 2016, certain of the Group's buildings with a net carrying amount of approximately HK\$2,743,199,000 (30 June 2016: HK\$2,902,278,000) were pledged for a banking facility granted to the Group.

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

For the six months ended 31 December 2016

**11. Investment Property**

	<b>HK\$'000</b>
At 1 July 2015 (audited)	9,750,000
Construction costs incurred	1,132,560
Finance costs capitalised	68,259
Change in fair value	1,549,181
At 30 June 2016 and 1 July 2016 (audited)	12,500,000
Construction costs incurred	177,876
Finance costs capitalised	27,218
Change in fair value	1,494,906
At 31 December 2016 (unaudited)	14,200,000

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.

At 31 December 2016, the Group's investment property stated at fair value was revalued by Knight Frank Asset Appraisal Limited (30 June 2016: 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 sales comparison method and is estimated 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 2016, the Group's investment property with a carrying value of HK\$14,200,000,000 (30 June 2016: HK\$12,500,000,000) was pledged to secure banking facilities granted to the Group.

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

For the six months ended 31 December 2016

### 12. Trade Receivables

The Group allows a credit period of 120 to 191 days for factoring services and 14 to 60 days for wine trading. An aged analysis of trade receivables, presented based on the invoice date except for factoring service, which is the date of provision of credit, is as follows:

	<b>31 December 2016 HK\$'000 (Unaudited)</b>	30 June 2016 HK\$'000 (Audited)
Less than 121 days	<b>3,385,564</b>	4,353,076
121 to 150 days	<b>758,707</b>	49,638
151 to 180 days	<b>774</b>	453
181 to 365 days	<b>2,706</b>	159,816
Over 1 year	<b>1,642</b>	75
	<b>4,149,393</b>	4,563,058

### 13. Trade Payables

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

	<b>31 December 2016 HK\$'000 (Unaudited)</b>	30 June 2016 HK\$'000 (Audited)
Less than 121 days	<b>465,554</b>	621,799
121 to 150 days	<b>111,189</b>	7,274
151 to 180 days	<b>1,749</b>	–
181 to 365 days	<b>35</b>	84
	<b>578,527</b>	629,157

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

For the six months ended 31 December 2016

**14. Loans from Non-Controlling Shareholders**

The loans were unsecured, non-interest bearing and not repayable within one year.

**15. Share Capital**

**Ordinary shares**

	<b>31 December 2016 HK\$'000 (Unaudited)</b>	30 June 2016 HK\$'000 (Audited)
Authorised: 11,000,000,000 (30 June 2016: 11,000,000,000) ordinary shares of HK\$0.10 each	<b>1,100,000</b>	1,100,000
Issued and fully paid: 6,989,651,992 (30 June 2016: 6,989,651,992) ordinary shares of HK\$0.10 each	<b>698,965</b>	698,965

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 2015 (audited)	6,982,131,992	698,213
Issue of shares upon exercise of share options	7,520,000	752
At 30 June 2016 (audited), 1 July 2016 (audited) and 31 December 2016 (unaudited)	6,989,651,992	698,965

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

For the six months ended 31 December 2016

**16. Commitments**

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

	<b>31 December 2016 HK\$'000 (Unaudited)</b>	30 June 2016 HK\$'000 (Audited)
Contracted, but not provided for:		
Investment property under development	–	72,262
Properties under development	<b>7,387,193</b>	–
	<b>7,387,193</b>	72,262

**17. Related Party Transactions**

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

	<b>Six months ended 31 December 2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)
Transactions with related companies in which a substantial shareholder of the Company has beneficial interests:		
Sales of wines	<b>930</b>	2,225
Project management fees paid	<b>1,754</b>	1,170
Handling fee income and interest income from factoring services	–	57,418
Rental income	<b>3,553</b>	–
Rental expenses	<b>507</b>	459
Sales of food and beverage	<b>688</b>	–
Service fee income	–	300
Interest expense	<b>2,010</b>	53,183

For the six months ended 31 December 2016

## **17. Related Party Transactions (Continued)**

### **(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>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Short-term employee benefits	<b>4,536</b>	6,496
Equity-settled share option expenses	<b>931</b>	3,661
	<b>5,467</b>	10,157

## **18. Fair Value of Financial Instruments**

The Group did not have any financial assets and liabilities measured at fair value as at 31 December 2016 and 30 June 2016.

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



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

For the six months ended 31 December 2016

### **18. Fair Value of Financial Instruments (Continued)**

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 values of the non-current portion of interest-bearing bank borrowings, loans from a related company and non-controlling shareholders, and amounts due to a controlling shareholder and a related company have 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 as at 31 December 2016 was assessed to be insignificant. The fair value approximated its carrying value as at 31 December 2016.