

* for identification purposes only



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

2019/20

Interim Report





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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Pan Sutong, *JP* (*Chairman*)
Mr. Zhou Xiaojun
Mr. Huang Rui
Ms. Hui Wai Man, Shirley

Independent Non-Executive Directors

Hon. Shek Lai Him Abraham (*GBS, JP*)
Mr. Wong Wai Leung Joseph
Mr. Tang Yiu Wing
Ms. Gao Min

Board Committees

Audit Committee

Mr. Wong Wai Leung Joseph (*Chairman of Audit Committee*)
Mr. Tang Yiu Wing
Ms. Gao Min

Remuneration Committee

Mr. Tang Yiu Wing (*Chairman of Remuneration Committee*)
Mr. Wong Wai Leung Joseph
Ms. Gao Min
Ms. Hui Wai Man, Shirley

Nomination Committee

Hon. Shek Lai Him Abraham (*GBS, JP*) (*Chairman of Nomination Committee*)
Mr. Pan Sutong, *JP*
Ms. Hui Wai Man, Shirley
Mr. Wong Wai Leung Joseph
Ms. Gao Min

Corporate Governance Committee

Mr. Pan Sutong, *JP* (*Chairman of Corporate Governance Committee*)
Mr. Zhou Xiaojun

Company Secretary

Ms. Lun Hau Mun

Registered office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Hong Kong principal place of business

25/F, Goldin Financial Global Centre
17 Kai Cheung Road
Kowloon Bay
Hong Kong

Principal Bankers

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

Auditors

Ernst & Young

Share Registrar and Transfer Offices

Principal:

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong Branch:

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Investor relations

For more information about the Group, please visit our company website on www.goldinfinancial.com

or contact our Corporate Development Department at
Email: 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", which together with its subsidiaries, is referred to as the "Group") for the six months ended 31 December 2019.

Management Discussion and Analysis

Results

The financial year ending 30 June 2020 ("FY2020") can be a challenging time for all of the Group's business segments, namely the real estate business, wine and related business and factoring. During the six months ended 31 December 2019 ("the first half of FY2020" or "the period under review"), the Group recorded revenue of approximately HK\$347.8 million, which represented an increase of 8.2% from the revenue of approximately HK\$321.4 million for the same period in the previous financial year ("FY2019"). The increase was mainly due to the increase in revenues generated by the Group's real estate business and the factoring, which was however, offset by significant drop in revenue generated from the wine trading business. Gross profit for the period under review decreased by 5.0% to HK\$230.1 million compared with the HK\$242.1 million for the same period in FY2019. The decrease in gross profit was mainly attributable to the narrowed gross profit margin at the wine trading business for the period under review. Moreover, the Group recorded a decrease in the fair value of approximately HK\$193.5 million from its investment properties, Goldin Financial Global Centre, in the period under review. This is in contrast to a fair value increase of HK\$1,298.9 million which was recorded for the same period in FY2019. Besides, the Group also recorded an increase in the finance costs of approximately HK\$128.9 million for the first half of FY2020 compared with those for the same period in FY2019. As a result, the Group recorded a loss of approximately HK\$478.2 million attributable to the owners of the Company against the profit of approximately HK\$742.4 million attributable to the owners of the Company for the first half of FY2019.

Business Review

Real Estate Business

Property Investment

The combination of global economic risks and the ongoing sociopolitical unrest in Hong Kong since June 2019 dampened significantly the leasing demand for grade-A offices in the city. Multinational corporations became cautious about taking out new leases on office spaces for relocation or business expansion. Office decentralization from the traditional central business district (CBD) in Central to the office submarkets for lower rents, particularly those in Kowloon East, slowed down during the period under review as many commercial enterprises adopted a wait-and-see approach. Also, the companies which had previously contemplated setting up offices in Hong Kong decided either to shelve the plan or to choose other cities, say Singapore, as the locations for their offices instead. By the end of 2019, the net effective rent (per sq. ft.) in the traditional prime business areas in Hong Kong declined by a double-digit percentage over that by the end of 2018. In contrast, Kowloon East, as the prominent alternative central business district ("CBD2"), recorded an average decrease of 3.6% in the net effective rent (per sq. ft.) for the same period. Net absorption of office spaces (in terms of net floor area in sq. ft.) in Kowloon East was 599,600 sq.ft. which accounted for 77% of the total annual net absorption of office spaces in Kowloon in 2019#.

The Group's investment properties, Goldin Financial Global Centre, which is located in the CBD2, Kowloon East, is a premium grade-A office building. It provides approximately 800,000 square feet (sq.ft.) of premium office space and approximately 100,000 sq.ft. of fine dining area. During the first half of FY2020, rental income and other relevant revenue from Goldin Financial Global Centre increased by 32.7% to HK\$96.7 million from the HK\$72.9 million in the first half of FY2019. The Group also generated new income in the form of project management fees which amounted to HK\$15.4 million. However, the general decline in market rents and the weak investor sentiment affected the valuation of the commercial properties in Hong Kong. As a result, the Group recorded a fair value decrease of approximately HK\$193.5 million for Goldin Financial Global Centre (the first half of FY2019: a fair value increase of approximately HK\$1,298.9 million). The property business segment recorded a loss of HK\$97.8 million against a profit of HK\$1,337.1 million in the first half of FY2019.

Source: Market statistics of CBRE, Knight Frank and Savills, Q4 2019 and January 2020

Business Review (Continued)

Real Estate Business (Continued)

Property Development

Kai Tak Residential Development Project

The Group's Kai Tak Residential Development Project is located at Kai Tak Area 4B Site 4, Kai Tak, Kowloon with a maximum gross floor area of 53,394 sq.m. It is under development by its 60%-owned joint venture, Golden Sphere Developments Limited ("Golden Sphere"). The formulation of development plan is underway, and the foundation work is expected to commence in the first quarter of 2020. The Kai Tak Residential Development Project is scheduled to be completed on or before 30 September 2024.

Wine and Related Businesses

In 2019, the China's wine market underwent adjustment and consolidation. According to the 中國國際啤酒網(website of www.beerw.com), the volume and value of the total wine imports in 2019 decreased by 9.2% and 5.5% respectively. The falls had been partly caused by the exit of a number of wine import merchants from China's market in the year. The slowing economic growth, ongoing Sino-United States trade war and the increasing competition from the leading domestic brands decreased the wine imports to the country. The wine trading companies in China continued to sharpen their marketing strategies by means of streamlining the sales channel and improving the inventory turnover.

Amid the prolonged economic uncertainties caused by the Sino-United States trade negotiations, Chinese investors and wine collectors became cautious about investment in premium wines, especially the American wines on which the retaliatory tariff increased to 93% in 2019 due to the trade war between the two countries. Facing these headwinds, the Group recorded a fall in revenue from its wine trading business during the period under review. Revenues from the wine and related businesses (including income in the form of storage fees and income from its restaurant operations) decreased by 21.9% year on year to approximately HK\$140.7 million (first half of FY2019: HK\$180.2 million). In addition, the Group traded its premium wines at a much lower profit margin in the period under review. The overall gross profit margin for the wine and related businesses dropped from 75% in the first half of FY2019 to 43% in the first half of FY2020. As a result, the Group recorded a loss of HK\$8.5 million for the wine and related businesses for the first half of FY2020 against the profit of HK\$67.4 million for the first half of FY2019.

Business Review (Continued)

Factoring

The escalating United States-China trade tensions as well as the exchange rate fluctuation significantly increased the credit risk for the small and medium-sized enterprises ("SMEs") in China. Traditional banks tightened their credit policy toward the SMEs for better risk management. This forced many small enterprises to turn to other avenues for financing, such as shadow banks. They had to pay a higher borrowing costs in order to obtain the necessary funds for their business. Amid the credit crunch, the Group had also increased the handling fees and interests charge to its factoring clients, thus increased its profit generated from this segment. For the first half of FY2020, revenue from the factoring business increased by 39% to approximately HK\$95.0 million compared with the HK\$68.4 million for the first half of FY2019. Profit from this business segment increased by 22.5% to approximately HK\$80.3 million from the HK\$65.6 million for the first half of FY2019.

Financial Review

Liquidity, Financial Resources and Gearing

As at 31 December 2019, the Group's working capital stood at approximately HK\$5,216.8 million, representing a decrease of 4.4% over the HK\$5,457.8 million figure recorded as at 30 June 2019. Cash and cash equivalents and pledged bank deposits totalled approximately HK\$2,549.9 million, down by 39.7% compared with the HK\$4,231.0 million on 30 June 2019, which was mainly due to the cash used in the general operating activities, which included general expenses, finance costs and payment for committed transaction of the Group.

As at 31 December 2019, the Group's interest-bearing bank and other borrowings amounted to approximately HK\$15,482.7 million (30 June 2019: HK\$15,365.2 million). The increase was mainly due to the amortization of upfront fees incurred for the arrangement of bank and other borrowings. In addition, as of 31 December 2019, the Group had an outstanding non-interest-bearing loan from a non-controlling shareholder of approximately HK\$2,137.9 million (30 June 2019: HK\$2,137.9 million). It represented the funding contribution from the joint venture partner (a company beneficially owned by Mr. Pan Sutong ("Mr. Pan")) for financing of acquisition of the Group's properties under development in FY2019.

The Group maintained a borrowing facility of US\$500 million (equivalent to HK\$3,893.6 million) (30 June 2019: US\$500 million (equivalent to HK\$3,906.0 million)) from a related company in which Mr. Pan has a beneficial interest. None of the amount of the facilities had been utilized as at 30 June 2019 and 31 December 2019.

CHAIRMAN'S STATEMENT (CONTINUED)

Financial Review (Continued)

Liquidity, Financial Resources and Gearing (Continued)

As at 31 December 2019, the debt-to-total assets ratio, which is calculated as total bank and other borrowings ("Total Debts") divided by total assets of the Group, was maintained at similar level of 41.4%, compared with 40.1% as at 30 June 2019. The ratio of net debts (Total Debts net of cash and cash equivalents and pledged bank deposits) divided by total assets was approximately 34.6% (30 June 2019: 29.1%).

Foreign Exchange

As the Group's key operations are in Hong Kong, China, the United States and France, its major assets and liabilities are primarily denominated in Hong Kong dollar, Renminbi, the US dollar and euro. While the Group has yet to formulate a formal policy on foreign currency hedging, it will, as always, continue to monitor its exposure to foreign exchange fluctuations carefully and may introduce appropriate hedging measures should the need arises.

Contingent Liabilities and Pledge of Assets

As at 31 December 2019, there was no significant changes in contingent liabilities and pledge of assets of the Group as compared with those disclosed in the annual report of Group for the year ended 30 June 2019.

Prospect

Real Estate Business

The business environment in Hong Kong has been undermined since mid-2019. Costs control will become a key focus in 2020 for large commercial enterprises due to ongoing and increasing economic risks. According to the data from JLL, the difference between occupancy costs in Central and Kowloon East was as much as 73%#. This rental differential is estimated to remain in 2020 and will serve as an incentive for corporations to relocate to the office submarkets such as those in Kowloon East. Office decentralization will remain a priority in the long-term strategies of the commercial enterprises and large corporations in Hong Kong.

Source: JLL Global Premium Office Rent Tracker, Q4 2019

Prospect (Continued)

Real Estate Business (Continued)

Kai Tak Station (the Tuen Ma Line Phase 1 of the Shatin-to-Central Link of the Mass Transit Railway) came into service in mid-February 2020. The Group's real estate business will be benefiting from the locality development in the Kai Tak Area together with the huge urban development projects by the Hong Kong Government's "Energizing Kowloon East Initiative" which will transform Kowloon East into a prominent smart district in Hong Kong. We are confident that the CBD2 in Kowloon East will remain promising in terms of investment value and rental income as it is bolstered by the presence of Goldin Financial Global Centre.

In April 2019, the Company entered into a conditional sale and purchase agreement to acquire the remaining 40% equity interest in Golden Sphere, whose principal asset is the holding of the Kai Tak Residential Development Project (the "Golden Sphere Acquisition"). In September 2019, the Company announced the proposed acquisition of Solar Time Developments Limited that owned a land in Kowloon Bay which is currently under re-development for office purpose (the "Solar Time Acquisition"). The completion of the Golden Sphere Acquisition and the Solar Time Acquisition are subject to the satisfaction of certain conditions.

As at the date of this report, the Golden Sphere Acquisition was completed.

Wine and Related Businesses

Cautious sentiment prevailed in the global wine market in 2019 against a backdrop of the falling prices of fine wines[#] and the 11% decline[§] in worldwide wine production. The costly trade war between China and the United States abated as the world's two biggest economies signed trade deals in phase-one of their negotiation in January 2020. However, the outbreak of the fast-spreading novel coronavirus pneumonia in China since late December 2019 may undercut the country's economic growth, causing it to go below 6% for the first quarter of 2020.

Sources:

[#] *Vinexpo Newsroom*

[§] *International Organisation of Vine and Wine – 2019 Wine Production (First Estimations)*

CHAIRMAN'S STATEMENT (CONTINUED)

Prospect (Continued)

Wine and Related Businesses (Continued)

Amid the headwinds in the China wine market, the Group will increase its marketing efforts and explore different sale channels to expand its wine trading business in the rest of the world. Meanwhile, the Group will continue to leverage its solid customer base by developing the wine-trading business and promoting its premium and fine wines in Hong Kong and China, in the hope that the China wine market will recover. We will continue to enhance our wine trading by refining the wine lists with new selected choices. The Group will continue to explore other possibilities for its wine and related businesses, including acquisitions in order to increase its market penetration in Hong Kong and mainland China as well as foreign countries.

Factoring

China's commercial factoring industry has been revamped for better development in the long term. The China Banking and Insurance Regulatory Commission has recently promulgated new directives and imposed new restrictions to better regulate the business activities of the commercial factoring enterprises in the country. Furthermore, the factoring contract in China is going to be enacted as an independent and civil contract in pursuance to the legislative bill of the “中華人民共和國民法典” (Civil Code of the People's Republic of China*). All these legislative measures are aimed at facilitating the development and growth of the factoring industry.

Nevertheless, China's commercial factoring industry is expected to remain competitive in the future. The Group will strive to maintain the competitive edge of its factoring business and continue its prudent approach to managing risks and selecting clients.

* *Chinese transliteration*

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, JP
Chairman

Hong Kong, 27 February 2020

OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2019 (2018: Nil).

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

As at 31 December 2019, 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 the total issued Shares*
		Personal interests	Corporate interests			
Mr. Pan Sutong ("Mr. Pan")	1	239,063,000	4,714,821,634	—	4,953,884,634	70.86%
Mr. Zhou Xiaojun	2	—	—	2,000,000	2,000,000	0.03%

* The percentage has been calculated based on 6,990,651,992 Shares in issue as at 31 December 2019.

**Long positions in the Shares and underlying Shares of the Company
(Continued)**

Notes:

1. The 4,714,821,634 Shares held by Mr. Pan through controlled corporations included:
 - (a) 4,483,291,636 Shares held by Goldin Global Holdings Limited and as to 187,213,998 Shares held by Goldin Equities Limited respectively. Both Goldin Global Holdings Limited and Goldin Equities Limited are indirect 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 Director, 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 2019, 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 2019, 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 the total issued Shares*
Goldin Global Holdings Limited	1	Beneficial owner	4,483,291,636	4,483,291,636	64.13%
Mr. Pan Sutong	2	Interests held as beneficial owner and through controlled corporations	4,953,884,634	4,953,884,634	70.86%

* The percentage has been calculated based on 6,990,651,992 Shares in issue as at 31 December 2019.

Notes:

1. Goldin Global Holdings Limited is ultimately owned by Mr. Pan.
2. The 4,714,821,634 Shares held by Mr. Pan through controlled corporations are as follows:
 - (i) a total of 4,670,505,634 Shares, as to which 4,483,291,636 Shares held by Goldin Global Holdings Limited (as disclosed in Note 1 above) and 187,213,998 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 wholly-owned subsidiary of Goldin Real Estate Financial Holdings.
 - (ii) 44,316,000 Shares held by Clear Jade International Limited which is wholly owned by Mr. Pan.

Substantial Shareholders' Interests and Short Positions in Shares and underlying Shares (Continued)

Save as disclosed above, as at 31 December 2019, 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 2019 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 2019	Exercisable period
			As at 1 July 2019	Granted during the period	Lapsed during the period	Exercised during the period			
Employees and others in aggregate (including directors of certain subsidiaries)	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)	—	—	22/01/2010 – 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	3,000,000	—	(3,000,000)	—	—	22/01/2012 – 21/07/2019	
	23/07/2009	0.652	4,995,000	—	(4,995,000)	—	—	23/01/2010 – 22/07/2019	
	23/07/2009	0.652	4,995,000	—	(4,995,000)	—	—	23/01/2011 – 22/07/2019	
	23/07/2009	0.652	6,660,000	—	(6,660,000)	—	—	23/01/2012 – 22/07/2019	
TOTAL			24,650,000	—	(24,650,000)	—	—		

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 2019	Exercisable period
			As at 1 July 2019	Granted during the period	Lapsed during the period	Exercised during the period			
Director									
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	
			2,000,000	—	—	—	2,000,000		
Associate of a Director and substantial shareholder of the Company									
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		
Employees and others in aggregate (including directors of certain subsidiaries)									
	18/07/2014	3.098	32,130,000	—	(900,000)	—	31,230,000	18/07/2015 – 17/07/2024	
	18/07/2014	3.098	33,030,000	—	(900,000)	—	32,130,000	18/07/2016 – 17/07/2024	
	18/07/2014	3.098	44,040,000	—	(1,200,000)	—	42,840,000	18/07/2017 – 17/07/2024	
			109,200,000	—	(3,000,000)	—	106,200,000		
TOTAL			112,700,000	—	(3,000,000)	—	109,700,000		

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.

OTHER INFORMATION (CONTINUED)

Specific Performance Obligations on Controlling Shareholder

As at 31 December 2019, the Group has obtained banking facilities with certain banks and financial institutions with specific performance obligations on the controlling shareholder:

- (1) Smart Edge Limited, an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement for the issue of Floating Rate Senior Secured Notes initially due 2021 and extendable to 2022 in an amount of HK\$6.8 billion which requires Mr. Pan to retain his control over the Company throughout the term of the agreement.
- (2) Goldin Factoring Limited and Goldin Logistics (Hong Kong) Limited, both indirect wholly-owned subsidiaries of the Company, jointly entered into a loan agreement of up to HK\$2 billion which requires Mr. Pan to retain his control over the Company and remains as Chairman of the Board and a Director throughout the term of the loan agreement.

Code on Corporate Governance Practices

Throughout the six months ended 31 December 2019, 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.

Pursuant to paragraph E.1.2 of the Code Provisions, 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 21 November 2019. There were other executive Directors and the independent non-executive Directors present at the meeting for the question-and-answer session to ensure effective communication with the shareholders of the Company.

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 2019.

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

During the six months ended 31 December 2019, 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 2019, the Group had about 323 employees (2018: 310). Total staff costs for the six months ended 31 December 2019 were approximately HK\$83.5 million (2018: HK\$71.4 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 Mr. Wong Wai Leung Joseph 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 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2019

		Six months ended 31 December	
	Notes	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	347,763	321,439
Cost of sales		(117,683)	(79,358)
Gross profit		230,080	242,081
Other income and gain	4	7,202	2,304
Change in fair value of investment properties	10	(193,524)	1,298,850
Selling and distribution expenses		(5,075)	(4,295)
Administrative expenses		(134,193)	(126,549)
Finance costs	5	(377,338)	(248,477)
Profit/(loss) before tax	6	(472,848)	1,163,914
Income tax expense	7	(9,176)	(24,834)
Profit/(loss) for the period		(482,024)	1,139,080
Other comprehensive income/ (loss)			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(74,359)	(181,323)
Total comprehensive income/ (loss) for the period		(556,383)	957,757
Profit/(loss) for the period attributable to:			
Owners of the Company		(478,229)	742,439
Non-controlling interests		(3,795)	396,641
		(482,024)	1,139,080

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

For the six months ended 31 December 2019

		Six months ended 31 December	
	Note	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Total comprehensive income/ (loss) attributable to:			
Owners of the Company		(552,588)	561,116
Non-controlling interests		(3,795)	396,641
		(556,383)	957,757
Earnings/(loss) per share attributable to owners of the Company			
	9		
Basic – For profit/(loss) for the period		HK(6.84) cents	HK10.62 cents
Diluted – For profit/(loss) for the period		HK(6.84) cents	HK10.59 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,832,066	1,887,471
Investment properties	10	18,300,000	18,500,000
Right-of-use assets		44,812	–
Prepaid land lease payments		–	44,007
Intangible assets		110,685	111,654
Vines		14,690	15,150
Deferred tax assets		826	1,210
Total non-current assets		20,303,079	20,559,492
CURRENT ASSETS			
Inventories		723,732	160,573
Properties under development	11	9,448,942	9,202,358
Trade receivables, prepayments, deposits and other receivables	12	3,660,048	3,985,712
Due from related companies	13	728,177	144,186
Pledged deposits		168,982	346,590
Cash and cash equivalents		2,380,917	3,884,371
Total current assets		17,110,798	17,723,790
CURRENT LIABILITIES			
Trade payables	14	117,161	388,531
Accruals and other payables		703,357	867,858
Due to related companies		7,939	8,085
Tax payable		93,702	87,654
Interest-bearing bank and other borrowings	15	8,833,974	8,775,972
Loan from a non-controlling shareholder		2,137,904	2,137,904
Total current liabilities		11,894,037	12,266,004
NET CURRENT ASSETS		5,216,761	5,457,786
TOTAL ASSETS LESS CURRENT LIABILITIES		25,519,840	26,017,278

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2019

		31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
	Note		
NON-CURRENT LIABILITIES			
Other payables		42,664	42,850
Interest-bearing bank and other borrowings	15	6,648,691	6,589,225
Deferred tax liabilities		20,246	20,581
Total non-current liabilities		6,711,601	6,652,656
Net assets		18,808,239	19,364,622
EQUITY			
Equity attributable to owners of the Company			
Share capital		699,065	699,065
Reserves		18,120,097	18,672,685
		18,819,162	19,371,750
Non-controlling interests		(10,923)	(7,128)
Total equity		18,808,239	19,364,622

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Attributable to owners of the Company									
	Share capital	Share premium account	Statutory surplus reserve	Other reserve	Exchange translation reserve	Share option reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2019 (audited)	699,065	6,362,535	30,316	940	(415,603)	164,962	12,529,535	19,371,750	(7,128)	19,364,622
Loss for the period	-	-	-	-	-	-	(478,229)	(478,229)	(3,795)	(482,024)
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	(74,359)	-	-	(74,359)	-	(74,359)
Total comprehensive loss for the period	-	-	-	-	(74,359)	-	(478,229)	(552,588)	(3,795)	(556,383)
Transfer to statutory surplus reserve	-	-	4,135	-	-	-	(4,135)	-	-	-
Transfer of share option reserve upon the lapse of share options	-	-	-	-	-	(10,094)	10,094	-	-	-
At 31 December 2019 (unaudited)	699,065	6,362,535	34,451	940	(489,962)	154,868	12,057,265	18,819,162	(10,923)	18,808,239
At 1 July 2018 (audited)	699,065	6,362,535	20,655	(30,304)	(232,951)	181,256	6,305,297	13,305,653	5,616,837	18,922,490
Profit for the period	-	-	-	-	-	-	742,439	742,439	396,641	1,139,080
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	(181,323)	-	-	(181,323)	-	(181,323)
Total comprehensive income for the period	-	-	-	-	(181,323)	-	742,439	561,116	396,641	957,757
Repaid of capital to non-controlling shareholders	-	-	-	-	-	-	-	-	(1,075,347)	(1,075,347)
Transfer to statutory surplus reserve	-	-	4,789	-	-	-	(4,789)	-	-	-
Transfer of share option reserve upon the lapse of share options	-	-	-	-	-	(4,965)	4,965	-	-	-
At 31 December 2018 (unaudited)	699,065	6,362,535	25,444	(30,304)	(414,274)	176,291	7,048,012	13,866,769	4,938,131	18,804,900

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash flows used in operating activities	(1,085,166)	(9,499,267)
Net cash flows used in investing activities		
Purchase of items of property, plant and equipment	(8,109)	(3,991)
Increase in investment properties	(2,903)	(42,766)
Addition to vines	(3,543)	(3,259)
Interests received	2,560	15
	(11,995)	(50,001)
Net cash flows from/(used in) financing activities		
Decrease in an amount due to the immediate holding company	–	(45,324)
Decrease in amounts due to related companies	–	(24,193)
Increase in amounts due to non-controlling shareholders	–	1,897,759
Proceeds from bank borrowings	–	12,250,682
Repayment of loan from a related company	–	(37,877)
Return of capital to non-controlling shareholders	–	(1,075,347)
Repayment of bank borrowings	–	(3,148,799)
Interest and other finance charges paid	(597,999)	(484,209)
	(597,999)	9,332,692
Net decrease in cash and cash equivalents	(1,695,160)	(216,576)
Cash and cash equivalents at beginning of the period	4,230,961	277,529
Effect of foreign exchange rate changes, net	14,098	175
Cash and cash equivalents at end of the period, represented by cash and bank balances	2,549,899	61,128

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 31 December 2019

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	2,380,917	61,128
Pledged deposits	168,982	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	2,549,899	61,128

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

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 2019.

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 2019, 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 2019.

Amendments to HKFRS 9 HKFRS 16	<i>Prepayment Features with Negative Compensation Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
Annual Improvements to 2015–2017 Cycle	<i>Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23</i>

Except as described below, the adoption of these new and amendments to HKFRSs had no material effect on the results and financial position of the Group and/or disclosures set out in these unaudited condensed consolidated financial statements for the current and/or prior accounting periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

2. Significant Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK (SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 from 1 July 2019. The Group has used the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. The reclassifications arising from the new leasing rules are therefore recognised in the opening balance on 1 July 2019.

The Group's leases consist of rentals of land and office premises, in which their existing contracts satisfy the definition of a lease under HKFRS 16. For leases previously classified as operating leases, the Group has elected to measure the right-of-use assets at the amounts equal to the lease liabilities adjusted by any prepaid or accrued lease payments. Accordingly, no adjustments were recognised to the opening balance of retained profits as at 1 July 2019, the date of initial adoption. The Group applied the following practical expedients on transition to HKFRS 16 for those leases which were previously classified as operating leases under HKAS 17.

- Applied the recognition exemption for leases for which the lease term ends within 12 months of the date of initial adoption
- Excluded the initial direct costs from the measurement of the right-of-use assets

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

2. Significant Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Upon the adoption of HKFRS 16, the Group reclassified the prepaid land lease payments to right-of-use assets for presentation purpose. The table below explains the difference between operating lease commitments disclosed at 30 June 2019 by applying HKAS 17 and lease liabilities recognised at 1 July 2019 by applying HKFRS 16:

	HK\$'000
Operating lease commitments at 30 Jun 2019 (audited)	4,251
Less: Exemption for leases for which the lease terms ends within 12 months of the date of initial adoption	(2,817)
Total lease liabilities at 1 July 2019 (unaudited)	1,434

The table below summarises the impact on the adoption of HKFRS 16:

	Increase/(decrease) HK\$'000 (Unaudited)
Assets	
Right-of-use assets	46,711
Prepaid land lease payments	(44,007)
Prepayments, deposits and other receivables	(1,270)
Total assets at 1 July 2019	1,434
Liabilities	
Accruals and other payables	1,434
Total liabilities at 1 July 2019	1,434

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

2. Significant Accounting Policies (Continued)

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

2. Significant Accounting Policies (Continued)

Summary of new accounting policies (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

The following tables present revenue and profit information for the Group's business segments for the six months ended 31 December 2019 and 31 December 2018, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

3. Operating Segment Information (Continued)

For the six months ended 31 December 2019

	Property HK\$'000 (Unaudited)	Winery and wine related HK\$'000 (Unaudited)	Factoring HK\$'000 (Unaudited)	Financial Investments HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue:						
Sales to external customers	112,084	140,651	95,028	-	-	347,763
Intersegment sales	17,439	-	-	-	(17,439)	-
Total	129,523	140,651	95,028	-	(17,439)	347,763
Segment results:	(97,760)	(8,539)	80,328	(1,250)	(17,439)	(44,660)
<i>Reconciliations</i>						
Unallocated other income						5,866
Corporate administrative expenses						(56,716)
Finance costs						(377,338)
Loss before tax						(472,848)

For the six months ended 31 December 2018

	Property HK\$'000 (Unaudited)	Winery and wine related HK\$'000 (Unaudited)	Factoring HK\$'000 (Unaudited)	Financial Investments HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue:						
Sales to external customers	72,886	180,175	68,378	-	-	321,439
Intersegment sales	16,640	-	-	-	(16,640)	-
Total	89,526	180,175	68,378	-	(16,640)	321,439
Segment results:	1,337,077	67,387	65,597	(1,283)	(16,640)	1,452,138
<i>Reconciliations</i>						
Unallocated other income						15
Corporate administrative expenses						(39,762)
Finance costs						(248,477)
Profit before tax						1,163,914

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

4. Revenue, Other Income and Gain

An analysis of the Group's revenue is as follows:

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of wines	93,503	135,592
Restaurant operations	36,748	32,790
Provision of wine storage services	10,400	11,793
Property management and related income	17,559	13,145
Project management fee income	15,365	–
	173,575	193,320
<i>Interest income</i>		
Interest income from factoring services	95,028	68,378
<i>Revenue from other sources</i>		
Gross rental income	79,160	59,741
	347,763	321,439

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

4. Revenue, Other Income and Gain (Continued)

Revenue from contracts with customers

Disaggregated revenue information

For the six months period ended 31 December 2019

	Winery and wine related HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Type of goods or services			
Sale of wines	93,503	–	93,503
Restaurant operations	36,748	–	36,748
Provision of wine storage services	10,400	–	10,400
Property management and related income	–	17,559	17,559
Project management fee income	–	15,365	15,365
Total revenue from contracts with customers	140,651	32,924	173,575
Timing of revenue recognition			
Goods transferred at a point in time	130,251	–	130,251
Services transferred over time	10,400	32,924	43,324
Total revenue from contracts with customers	140,651	32,924	173,575

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

4. Revenue, Other Income and Gain (Continued)

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Other income		
Bank interest income	2,560	15
Others	1,336	2,289
	3,896	2,304
Other gain		
Foreign exchange differences, net	3,306	–
	3,306	–
	7,202	2,304

5. Finance Costs

An analysis of finance costs is as follows:

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest on bank and other borrowings	613,537	784,878
Less: Interest capitalised	(236,199)	(536,401)
	377,338	248,477

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

6. Profit/(Loss) before Tax

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

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	34,456	33,471
Less: Amount included in inventory overheads	(2,108)	(2,164)
	32,348	31,307
Depreciation of right-of-use assets	1,099	–
Amortisation of intangible assets	458	459
Amortisation of prepaid land lease payments	–	638
Foreign exchange differences, net	–	2,757

7. Income Tax Expense

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current – Hong Kong		
Charge for the period	–	11,929
Current – Elsewhere		
Charge for the period	18,394	12,905
Overprovision in prior years	(9,600)	–
Deferred		
Charge for the period	382	–
Tax charge for the period	9,176	24,834

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

8. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

9. Earnings/(Loss) Per Share

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

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Earnings/(Loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	(478,229)	742,439

	Number of shares Six months ended 31 December	
	2019 '000	2018 '000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	6,990,652	6,990,652
Effect of dilution – weighted average number of ordinary shares:		
Share options (Note)	–	19,770
Weighted average number of ordinary shares in issue during the period used in the diluted earnings/(loss) per share calculation	6,990,652	7,010,422

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

9. Earnings/(Loss) Per Share (Continued)

Note: The diluted loss per share amount for the period ended 31 December 2019 decreases when taking into account the exercise of share options, the exercise of share option has an anti-dilutive effect on the basic loss per share for the period ended 31 December 2019 and were ignored in the calculation of diluted loss per share for the period ended 31 December 2019. Therefore, diluted loss per share amounts are based on the loss for the period of HK\$478,229,000, and the weighted average number of ordinary shares of 6,990,652,000 in issue during the period.

10. Investment Properties

	HK\$'000
Carrying amount at 30 June 2018 and 1 July 2018 (audited)	17,200,000
Additions during the year	200
Non-cash lease incentive	12,847
Initial direct costs	6,296
Amortisation of lease incentive	(13,864)
Amortisation of initial direct costs	(5,143)
Change in fair value	1,299,664
Carrying amount at 30 June 2019 (audited)	18,500,000
Additions during the period	2,903
Non-cash lease incentive	4,986
Amortisation of lease incentive	(11,573)
Amortisation of initial direct costs	(2,792)
Change in fair value	(193,524)
Carrying amount at 31 December 2019 (unaudited)	18,300,000

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

At 31 December 2019, the Group's investment properties stated at fair value was revalued by B.I. Appraisals Limited (30 June 2019: B.I. Appraisals Limited), an independent firm of professionally qualified valuers, on an open market, existing use basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

10. Investment Properties (Continued)

The valuation of completed investment properties was based on the income method by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the property and the direct comparison method which was based on price information of comparable properties of similar size, character and location and carefully weighted against all the respective advantages and disadvantages of each of the comparable properties in order to arrive at the fair value.

11. Properties under Development

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Carrying amount at 1 July	9,202,358	13,876,461
Additions	246,584	10,549,911
Disposal of subsidiaries	–	(15,224,014)
Carrying amount	9,448,942	9,202,358

As at 31 December 2019 and 30 June 2019, all of the properties under development are expected to be completed within normal operating cycle, recovered after more than twelve months from the end of the reporting period and included under current assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

12. Trade Receivables, Prepayments, Deposits and Other Receivables

Included in the balances are trade receivables for wine trading, provision of wine storage services, provision of factoring services, leasing of investment properties, provision of property management services and project management services.

The Group allows a credit period of 120 days for factoring services and 14 to 60 days for wine trading and provision of wine storage services. The Group normally requires its customers to make payment of monthly charges in advance in relation to the leasing of its investment properties, provision of property management services, project management services and wine storage services. An aged analysis of trade receivables, presented based on the invoice date except for factoring services, which is the date of provision of credit, is as follows:

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Less than 121 days	1,066,177	3,655,553
121 to 150 days	10,071	4,631
151 to 180 days	4,942	1,699
181 to 365 days	79,253	142,047
Over 1 year	185,698	164,685
	1,346,141	3,968,615

During the year ended 30 June 2019, the Company entered into a sale and purchase agreement with Gold Vibe Holdings Limited ("Gold Vibe"), the non-controlling shareholder of Golden Sphere Developments Limited ("Golden Sphere") and Mr. Pan, and pursuant to which the Company conditionally agreed to purchase from Gold Vibe 40% equity interest in Golden Sphere and the related shareholder loan at an initial cash consideration of HK\$2,162 million subject to adjustment (the "Golden Sphere Acquisition"). The consideration amounted to HK\$2,263 million was paid for acquisition of the 40% equity interest during the period and included in the balances. The Golden Sphere Acquisition was completed subsequent to the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

13. Due from Related Companies

Particulars of the amounts due from related parties, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	Maximum amount outstanding 31 December 2019 HK\$'000	Maximum amount outstanding during the period HK\$'000	30 June and 1 July 2019 HK\$'000	Maximum amount outstanding during the prior year HK\$'000	1 July 2018 HK\$'000
Companies controlled by Mr. Pan	728,177	728,177	144,186	838,251	753

The amounts due from related parties are unsecured, interest-free and repayable on demand.

14. 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:

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Less than 121 days	115,569	385,899
121 to 150 days	1,581	973
151 to 180 day	–	–
181 to 365 days	–	1,648
Over 1 year	11	11
	117,161	388,531

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

15. Interest-Bearing Bank and Other Borrowings

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Current portion		
– Secured	8,833,190	8,775,298
– Unsecured	784	674
	8,833,974	8,775,972
Non-current portion		
– Secured	6,648,691	6,589,225
Total interest-bearing bank and other borrowings	15,482,665	15,365,197

16. Commitments

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

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Contracted, but not provided for:		
Properties under development	43,884	50,956
	43,884	50,956

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

17. Related Party Transactions

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Six months ended 31 December	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Transactions with related companies in which a substantial shareholder of the Company has beneficial interests:		
Sales of wines	2,975	–
Project management fee income	15,365	–
Property management fee income	2,093	1,031
Rental income	12,613	6,294
Rental expenses	–	34
Sales of food and beverage	4,949	1,849
Interest expense	–	230

(b) **Compensation of key management personnel**

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

	Six months ended 31 December	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	11,630	3,912
	11,630	3,912

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

18. Fair Value of Financial Instruments

The Group did not have any financial assets and liabilities measured at fair value as at 31 December 2019 and 30 June 2019.

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 and other payables, loan from a non-controlling shareholder and the current portion of interest-bearing bank and other borrowings, and balances with related companies 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 and other 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 as at 31 December 2019 was assessed to be insignificant. The fair value approximated its carrying value as at 31 December 2019.