



GOLDIN FINANCIAL HOLDINGS LIMITED

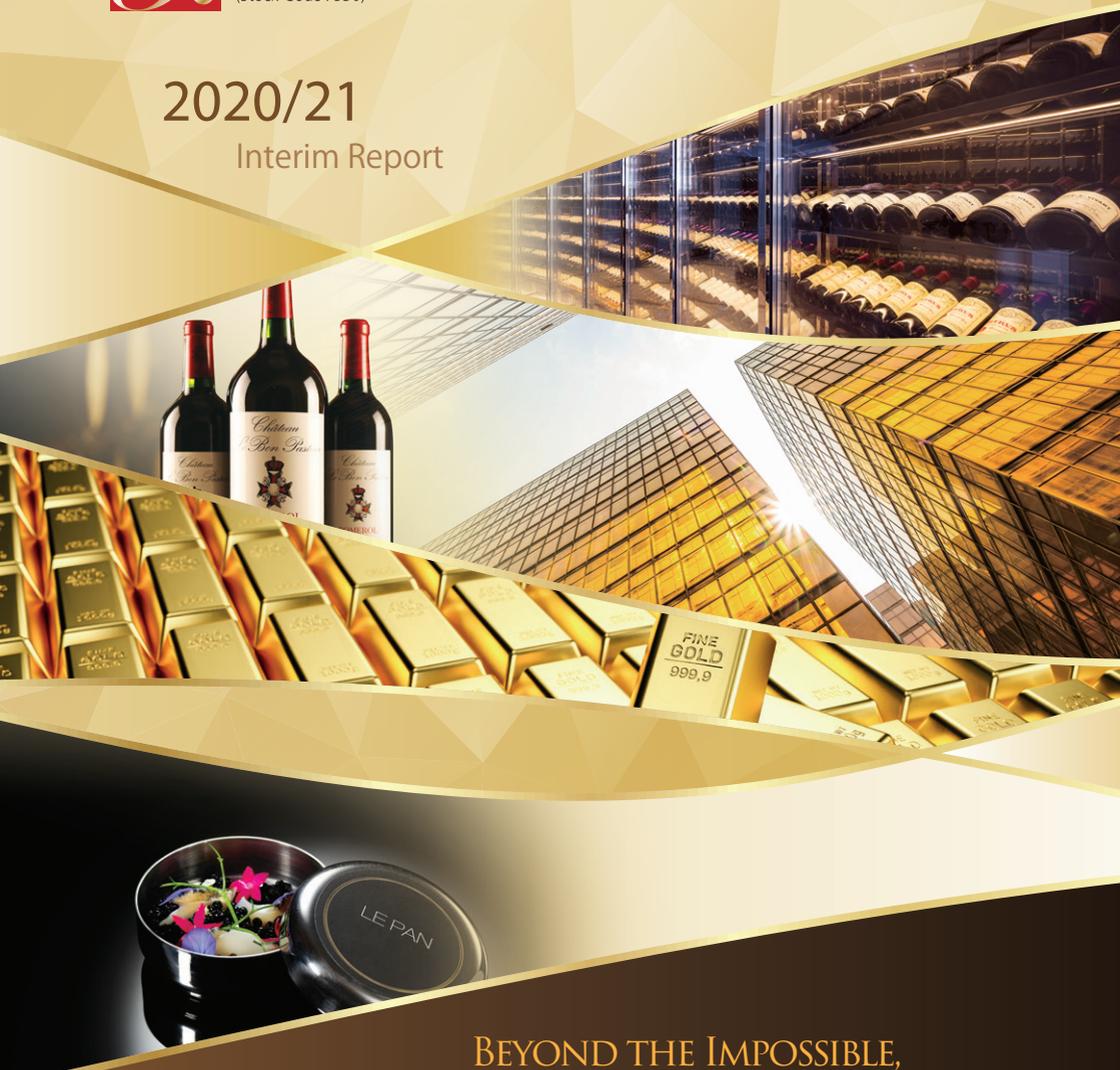
高銀金融(集團)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 530)

2020/21

Interim Report



BEYOND THE IMPOSSIBLE,
LIES A WORLD
RICH *with* POSSIBILITIES

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* for identification purposes only

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Pan Sutong, *JP* (*Chairman*)

Hon. Shek Lai Him Abraham (*GBS, JP*) (*Vice Chairman*) (*appointed as Vice Chairman and re-designated as Executive Director on 1 March 2021*)

Mr. Zhou Xiaojun

Mr. Huang Rui

Ms. Hui Wai Man, Shirley

Independent Non-Executive Directors

Hon. Shek Lai Him Abraham (*GBS, JP*) (*till 28 February 2021*)

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

Mr. Tang Yiu Wing (*Chairman of Nomination Committee*)
(*appointed on 1 March 2021*)

Hon. Shek Lai Him Abraham (*GBS, JP*)

(*Chairman of Nomination Committee (till 28 February 2021)*)

Mr. Pan Sutong, *JP*

Mr. Wong Wai Leung Joseph

Ms. Gao Min

Ms. Hui Wai Man, Shirley (*resigned on 1 March 2021*)

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
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 2020.

Management Discussion and Analysis

Results

During the six months ended 31 December 2020 ("the first half of FY2021" or "the period under review"), the Group's overall business performance had been hit hard by the adverse impact of the pandemic and the receiverships involving the investment properties of the Group namely Goldin Financial Global Centre (the "GFGC Receiverships"). As disclosed in note 1 to the condensed consolidated financial statements, the Group deconsolidated Smart Edge, Cheng Mei and Goal Eagle, the subsidiaries which are under the GFGC Receiverships, as a result of loss of control over the operations of these subsidiaries. Accordingly, the Group only recognised the operating results of the property investment business (i.e. the leasing business) up to the effective date of the loss of control of these subsidiaries in the condensed consolidated financial statements for FY2021, and thereafter, the fair value of the subsidiaries involving the property investment business were classified as financial assets measured at fair value through profit or loss and the net changes in fair value between each reporting period were recognised in the condensed consolidated statement of profit or loss.

The Group recorded revenue of approximately HK\$172.1 million for the period under review, which represented a decrease of 50.5% over the revenue of approximately HK\$347.8 million for the same period of the previous financial year ("FY2020"). The fall in revenues was mainly due to the significant drop in revenues generated from the wine and related businesses in the current period under review. In addition, the Group also recorded a drop in rental and property management fee income in the current period due to the deconsolidation of Smart Edge (which owns the Group's investment properties) with effect from 13 July 2020, thus the related rental and management fees income were recognised only up to 13 July 2020 for the 1st half of FY2021. Gross profit for the period under review decreased to HK\$153.8 million, which was 33.1% decrease over the same period in FY2020. The loss attributable to owners of the Company for the first half of FY2021 rose to approximately HK\$993.1 million as compared to a loss of HK\$478.2 million over the same period of FY2020. The substantial increase in the

Management Discussion and Analysis (Continued)

Results (Continued)

loss for the current period was mainly attributable to (i) an one-off termination fee of approximately HK\$451.7 million incurred upon the termination of a set of agreements for the disposal of the Kai Tak residential project in July 2020, details of which are disclosed in note 4 to the condensed consolidated financial statements; and (ii) the decrease in revenues and accordingly gross profit contribution generated by the wine and related businesses. On the other hand, due to the deconsolidation of the subsidiaries involving the property investment business, the Group recognized a loss in relation to the change in fair value of financial assets of HK\$269.6 million for the current period under review, which represented the net change in the fair value of the Group's subsidiaries deconsolidated during the current period, whereas for the same period in FY2020, the Group recognized a fair value decrease in its investment properties of HK\$193.5 million.

Business Review

Wine and Related Businesses

The global wine consumption had been severely affected by the pandemic. According to the IWSR analysis, both the global wine consumption and the value in 2020 are expected to decline by 10% respectively. China's wine market in 2020 was badly corked by the pandemic with the wine imports for year 2020 dropped by 19.9% in value to US\$2.83 billion, and volume dropped by 28.8% to 471.3 million liters compared with last year, according to the Chinese research company ASKCI based on figures released by the China customs¹. The economic slowdown in China and Hong Kong as well as around the world had seriously dampened the investor sentiment in premium fine wines market. During the first half of FY2021, our wine and related businesses underwent difficult operating situation due to the on-going anti-pandemic restrictions and policies. The wine and related businesses of the Group recorded revenues of approximately HK\$44.2 million (first half of FY2020: HK\$140.7 million), which represented a decrease of 68.6% against the same period of FY2020. The segment loss increased by 436.1% to HK\$45.8 million for the period as compared with the figure of HK\$8.5 million for the first half of FY2020. The increase in loss for the period was mainly due to the drop in revenues for the wine and related businesses and the increase in expenses for the leasing of the restaurant premises due to the deconsolidation of the operation of the Group's property investment business, which such expenses were eliminated on consolidation in the prior period.

¹ Source: <https://vino-joy.com/2021/01/25/pandemic-corks-chinas-wine-market-in-2020/>

Management Discussion and Analysis (Continued)

Business Review (Continued)

Wine and Related Businesses (Continued)

The Group has adopted the proactive marketing strategies for its challenging businesses. In November 2020, we opened a new B2C e-commerce platform, namely "GFGC Dining Online Store" at <http://shop.gfgcdining.com.hk>. This online store offers an attractive range of food and products covering our selected homemade products, wines and alcohols, and healthy lifestyle products. We see the "GFGC Dining Online Store" has been growing with popularity.

Factoring

In 2020, the international trade had been unprecedentedly disrupted by the COVID-19 outbreak with airspace, ports and borders closed. The Group's factoring business had further been inflicted by the increasing business risks arising from the accelerating US-China trade tensions and the global economic uncertainties. In September 2020, the Group entered into a binding term sheet (as supplemented) for the proposed disposal of its factoring business in the PRC (the "Factoring Disposal"). The Factoring Disposal is expected to be completed in the 2nd half of FY2021.

For the first half of FY2021, the revenue of our factoring business increased by 10.9% to approximately HK\$105.4 million (first half of FY2020: HK\$95.0 million). Profit from this business segment increased by 2.6% to approximately HK\$82.4 million, as compared with a profit of HK\$80.3 million for the first half of FY2020. In addition, the Group also incurred finance costs of HK\$80.2 million (first half of FY2020: HK\$90.0 million) from funding the capital of the factoring business.

Real Estate Business

The overall business environment in Hong Kong had become increasingly challenging with the adverse impacts to economies brought by the outbreak of the COVID-19 pandemic, causing uncertainties and pressure to the Group's property development and investment businesses. To support the sustainable growth, the Group undertook several transactions to reposition the real estate business in an attempt of ride along the challenges.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Real Estate Business (Continued)

In July 2020, the Group disposed of the residential development project at Kai Tak Area 4B Site 4 (the "Kai Tak Project") at the consideration of approximately HK\$3,477 million, along with a profit-sharing agreement with the purchaser of the Kai Tak Project, pursuant to which the Group may share the profit from the future sales of the residential units and car parks of the Kai Tak Project subject to the terms and conditions in the profit-sharing agreement. Details of these transactions are set out in the circular of the Company dated 29 January 2021. The Group recorded a gain of approximately HK\$31.2 million for the disposal in the current period under review. The disposal of the Kai Tak Project had relieved the Group from future business and financial risks associated with the Kai Tak Project.

In order to settle the loan facilities with principal amounts of approximately HK\$6,800 million (the "Senior Notes") and HK\$3,378 million (the "Mezzanine Loan") associated with the Group's investment properties, Goldin Financial Global Centre, on 29 September 2020, the Group entered into a provisional sale and purchase agreement (the "Provisional SPA") with an independent third party (the "Purchaser") to conditionally sell and assign the entire issued share capital of Cheng Mei and Goal Eagle and the debts owing by them to the Group at an aggregate consideration of HK\$14.3 billion. On 23 December 2020, it was confirmed to the Group by the Receivers that the Receivers and the Purchaser had entered into a sale and purchase agreement (the "SE Disposal Agreement") in respect of all the ordinary shares of Smart Edge. The Receivers have informed the Company that (i) the funds to be received by the Receivers pursuant to the SE Disposal Agreement will be sufficient to settle all outstanding indebtedness in relation to the Senior Notes and the Mezzanine Loan in full; and (ii) the Purchaser has paid very substantial non-refundable deposits pursuant to the terms of the SE Disposal Agreement. The Purchaser informed the Group of the termination of the Provisional SPA on 28 December 2020. Details of the Senior Notes and the Mezzanine Loan and GFGC Receiverships are disclosed in the annual report of the Company for the year ended 30 June 2020 (the "FY2020 Annual Report").

Management Discussion and Analysis (Continued)

Business Review (Continued)

Real Estate Business (Continued)

In September 2019, the Group entered into a conditional sale and purchase agreement for the proposed acquisition of the Solar Time Developments Limited (the "Solar Time Acquisition") which holds the land site known as New Kowloon Inland Lot No. 5948, 7 Wang Tai Road, Kowloon. The Solar Time Acquisition was approved by the independent shareholders of the Company in December 2019, however, the completion of the acquisition had been extended in view of the worsen economic conditions and the substantial amounts of cash required for settlement of the consideration. The Group expects to complete the acquisition before 30 June 2021. Further details of the Solar Time Acquisition are set out in the FY2020 Annual Report. Increase in payments in respect of the Solar Time Acquisition was included in the prepayments in the condensed consolidated statement of financial position.

During the first half of FY2021, the Group recognized rental and property management fees income of approximately HK\$7.1 million, prior to the deconsolidation of Smart Edge on 13 July 2020 (first half of FY2020: HK\$96.7 million). The Group also recognised project management fee income of HK\$15.4 million for the current period (first half of FY2020: HK\$15.4 million). The property segment recorded profit of approximately HK\$20.4 million for the first half of FY2021, as compared to a loss of HK\$97.8 million for the same period of FY2020. The loss in FY2020 was mainly because the Group recognized a fair value decrease of approximately HK\$193.5 million for FY2020. No such fair value decrease was recognized in FY2021 owing to the deconsolidation of subsidiaries involving the property investment business in July and October 2020 respectively. The Group recognized a change in fair value of financial assets of HK\$269.6 million for FY2021, which was not presented under the property segment results.

Financial Review

Liquidity, Financial Resources and Gearing

As at 31 December 2020, the Group was in a net current assets position of approximately HK\$6,030.7 million as compared to the net current liabilities of approximately HK\$5,751.6 million as at 30 June 2020. This was mainly because the Group deconsolidated certain subsidiaries under receiverships, namely Smart Edge, Cheng Mei and Goal Eagle. As a result, the related assets and liabilities together with the Senior Notes and the Mezzanine Loan were recognized as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position as at 31 December 2020. Cash and cash equivalents and pledged bank deposits totalled approximately HK\$16.5 million, decreased by 55.8% as compared to HK\$37.3 million on 30 June 2020.

Management Discussion and Analysis (Continued)

Financial Review (Continued)

Liquidity, Financial Resources and Gearing (Continued)

As at 31 December 2020, the Group's interest-bearing bank and other borrowings amounted to approximately HK\$1,998.0 million (30 June 2020: HK\$15,849.0 million). The decrease was mainly due to i) the derecognition of a bridging loan of approximately HK\$3,563.2 million in relation to the Kai Tak residential development project upon its disposal in July 2020; ii) reclassification of the Senior Notes and Mezzanine Loan amounted to approximately HK\$6,800 million and HK\$3,378 million, respectively as financial assets at fair value through profit or loss as at 31 December 2020 due to the deconsolidation of Smart Edge, Cheng Mei and Goal Eagle; and iii) repayment of bank and other borrowings amounted to approximately HK\$123.5 million.

The Group maintained a borrowing facility of US\$500 million (equivalent to HK\$3,876.3 million) (30 June 2020: US\$500 million (equivalent to HK\$3,875.1 million)) from a related company in which Mr. Pan Sutong, the controlling shareholder of the Company, has a beneficial interest. None of the amount of the facilities had been utilized as at 30 June 2020 and 31 December 2020.

As at 31 December 2020, the debt-to-total assets ratio, which is calculated as total bank and other borrowings ("Total Debts") divided by total assets of the Group, decreased to 10.7% (30 June 2020: 54.3%). The ratio of net debts (Total Debts net of cash and cash equivalents and pledged bank deposits) divided by total assets was approximately 10.6% (30 June 2020: 54.2%).

Foreign Exchange

As the Group's key operations are based in Hong Kong, China, the US 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 arise.

Contingent Liabilities and Pledge of Assets

As at 31 December 2020, there was no significant changes in the contingent liabilities and pledge of assets of the Group as compared with those disclosed in the annual report of the Group for the year ended 30 June 2020.

Management Discussion and Analysis (Continued)

Litigations

The legal proceedings involving the Group are set out in the FY2020 Annual Report. There was no significant progress in relation to the litigations disclosed in the FY2020 Annual Report except that the hearing of the winding-up Petition and the application presented by the security agent of the Mezzanine Loan to the Supreme Court of Bermuda for the winding-up and the appointment of joint provisional liquidators of the Company, respectively scheduled on 12 February 2021 (Bermuda time) was further adjourned to 19 March 2021 (Bermuda time) upon the joint application of the Petitioner and the Company. For further details please refer to the Company's announcement dated 15 February 2021.

Save as disclosed above and those in the FY2020 Annual Report, the Group did not have any material litigations and legal proceedings as at 31 December 2020 and up to the date of this report.

Prospect

Wine and Related Businesses

The coronavirus pandemic strikes have been hiking since early 2021 which led to the tighter measures imposed in various countries such as the national lockdowns. The global wine trading will remain subdued in the near term. The consumption patterns of the wine consumers also moved to seek for more informative and balanced e-commerce in terms of alcohol and healthy lifestyle. Amid the headwinds in the wine market, the Group will continue to explore different sales channels to strengthen its wine trading business. In addition, we will continue to enhance our 'GFGC Dining Online Store' and to provide more promotion offers to the customers.

Factoring

The Group's factoring business will remain challenging. The Group's attempt of the Factoring Disposal shall help to improve its liquidity, and to re-allocate the management and financial resources so as to strengthen its remaining businesses. Meanwhile, the Group will continue to maintain a prudent development approach to consolidate the factoring business and shall embark on any further business opportunities.

Management Discussion and Analysis (Continued)

Prospect (Continued)

Real Estate Business

The Grade-A office market in Hong Kong will remain soft in the face of downswings in global economy. It is highly likely that the office leasing activities shall pick up upon the unleash of the prevailing anti-pandemic measures gradually. As aforementioned, the disposal of the Group's investment properties, Goldin Financial Global Centre through the SE Disposal was underway by the Receivers. The Group currently expects that the SE Disposal will be completed in the 2nd half of FY2021. The Board is confident that once the SE Disposal Agreement has been duly completed, all legal proceedings relating to the Senior Notes and the Mezzanine Loan, as well as the Winding-Up Petition will be resolved amicably before the end of FY2021, and the Group shall be able to reshape its strategies for the real estate business in the years to come.

Overall

The Company shall continue to sharpen the competitive edge of its businesses by closely monitoring the market sentiments and establishing meticulous evaluation of any business opportunities to make appropriate adjustments for the Group's long-term growth. The Group may also consider to pursue opportunities for further business developments and/or realise its assets if thought fit with a view to enhance its financial flexibility.

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 2021

OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2020 (2019: Nil).

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

As at 31 December 2020, 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 2020.

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

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 were held by Goldin Global Holdings Limited and 187,213,998 Shares were held by Goldin Equities Limited respectively.

Goldin Global Holdings Limited is ultimately owned by Mr. Pan.

Goldin Equities Limited is wholly owned by Goldin Investment Advisers Limited, which is, in turn, a wholly-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 Limited ("Goldin Real Estate Financial Holdings"). Goldin Real Estate Financial Holdings 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 Director, details of which are disclosed in the section headed "Share Option Scheme" below.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2020, 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 2020, 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 2020.

Notes:

1. Goldin Global Holdings Limited is ultimately owned by Mr. Pan.
2. These Shares include 4,714,821,634 Shares held by Mr. Pan through controlled corporations as follows:
 - (i) A total of 4,670,505,634 Shares, of which 4,483,291,636 Shares were held by Goldin Global Holdings Limited (as disclosed in Note 1 above) and 187,213,998 Shares were held by Goldin Equities Limited respectively.
 - (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 2020, 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 Scheme

The Company operates the share option scheme 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 was adopted on 21 November 2013 (the "2013 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. Details of movements in the share options granted under the 2013 Scheme during the six months ended 31 December 2020 are set out below:

2013 Scheme

Name or category of participants	Date of grant	Exercise price per Share (HK\$)	Number of share options				As at 31 December 2020	Exercisable period
			As at 1 July 2020	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
			<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	
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
			<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	
Employees and others in aggregate (including directors of certain subsidiaries)								
	18/07/2014	3.098	31,230,000	-	-	-	31,230,000	18/07/2015 – 17/07/2024
	18/07/2014	3.098	32,130,000	-	-	-	32,130,000	18/07/2016 – 17/07/2024
	18/07/2014	3.098	42,840,000	-	-	-	42,840,000	18/07/2017 – 17/07/2024
			<u>106,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,200,000</u>	
TOTAL			<u>109,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,700,000</u>	

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 2020, the Group has obtained the following banking facilities with specific performance obligations on the controlling shareholder:

- (1) Goldin Factoring Limited and Goldin Logistics (Hong Kong) Limited, both indirect wholly-owned subsidiaries of the Company, jointly entered into a loan agreement (as amended and supplemented) 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 2020, 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 reasons 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 non-executive and independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the Company’s annual general meeting in accordance with the provisions of the bye-laws of the Company. The Board believes that such practice would offer stability at the Board level whilst independence is safeguarded by the statutory provisions by way of rotation, retirement and re-election subject to the shareholders’ approval. Thus, the Board considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the Corporate Governance Code.

Model Code for Directors’ Securities Transactions

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

Upon specific enquiry by the Company, all Directors confirmed that they have complied with the required standards set out in the Corporate Model Code throughout the six months ended 31 December 2020.

Issue of Equity Securities

The Company entered into the placing agreement dated 9 October 2020 (as amended) (the "Placing Agreement") with Titan Financial Services Limited in relation to the placing (the "Placing") of up to 1,398,130,398 new Shares, on a best effort basis, to not less than six places (who would be any independent individual, corporate, institutional investors or other investors) at the issue price of HK\$1.00 per new Share (the "Placing Price"). The Placing was intended to strengthen the financial position and to broaden the shareholder base of the Company. On 13 November 2020, the parties entered into a termination agreement to terminate the Placing.

The Placing Price represented (i) a discount of approximately 0.99% to the closing price of the Shares as quoted on the Stock Exchange on 28 September 2020, being the last trading day of the Shares immediately before the date of the Placing Agreement; and (ii) a discount of approximately 3.47% to the average closing price per Share of HK\$1.036 as quoted on the Stock Exchange for the last five consecutive trading days immediately before the date of the Placing Agreement. Assuming all such 1,398,130,398 new Shares were fully placed under the Placing, the aggregate gross proceeds from the Placing shall be HK\$1,398,130,398. The net proceeds from the Placing (after deduction of placing commission and other costs and expenses) are estimated to be approximately HK\$1,384 million, representing a net issue price of approximately HK\$0.99 per new Share as placed under the Placing. The net proceeds from the Placing was proposed to be used for the repayment of indebtedness and the general working capital of the Group.

Save as disclosed, the Company had not conducted any other issue of equity securities of the Company for cash during the period under review.

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

During the six months ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

OTHER INFORMATION (CONTINUED)

Human Resources

As at 31 December 2020, the Group had about 307 employees (2019: 323). Total staff costs for the six months ended 31 December 2020 were approximately HK\$82.4 million (2019: HK\$83.5 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 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 2020.

Change in Information of the Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the FY2020 Annual Report are set out below:

- (1) Hon. Shek Lai Him Abraham was appointed as the Vice Chairman of the Company with effect from 1 March 2021.

He was re-designated from independent non-executive Director to executive Director with effect from 1 March 2021. Hence, he ceased to act as the chairman of the nomination committee ("Nomination Committee") of the Company but remains a member of the Nomination Committee with effect from 1 March 2021.

- (2) Mr. Tang Yiu Wing was appointed as the chairman of the Nomination Committee with effect from 1 March 2021.
- (3) Ms. Hui Wai Man, Shirley resigned as a member of the Nomination Committee with effect from 1 March 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2020

		Six months ended 31 December	
	Notes	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	172,094	347,763
Cost of sales		(18,246)	(117,683)
Gross profit		153,848	230,080
Other income, gains and losses, net	4	(324,080)	7,202
Gain on disposal of a subsidiary	14	31,224	–
Change in fair value of investment properties		–	(193,524)
Change in fair value of financial assets measured at fair value through profit or loss		(269,557)	–
Selling and distribution expenses		(2,007)	(5,075)
Administrative expenses		(218,572)	(134,193)
Finance costs	5	(346,240)	(377,338)
Loss before tax	6	(975,384)	(472,848)
Income tax expense	7	(17,748)	(9,176)
Loss for the period		(993,132)	(482,024)
Other comprehensive loss			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		360,997	(74,359)
Total comprehensive loss for the period		(632,135)	(556,383)
Loss for the period attributable to:			
Owners of the Company		(993,132)	(478,229)
Non-controlling interests		–	(3,795)
		(993,132)	(482,024)
Total comprehensive loss attributable to:			
Owners of the Company		(632,135)	(552,588)
Non-controlling interests		–	(3,795)
		(632,135)	(556,383)

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

For the six months ended 31 December 2020

		Six months ended 31 December	
Note	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	
Loss per share attributable to owners of the Company			
9			
Basic – For loss for the period	HK(14.21) cents	HK(6.84) cents	
Diluted – For loss for the period	HK(14.21) cents	HK(6.84) cents	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

Notes	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
NON-CURRENT ASSETS		
	1,763,907	1,674,871
Property, plant and equipment		
Investment properties	–	15,000,000
Intangible assets	105,113	104,104
Vines	13,731	14,171
Prepayment	3,102,432	639,793
Deferred tax assets	20,857	18,854
Total non-current assets	5,006,040	17,451,793
CURRENT ASSETS		
	717,154	768,421
Inventories		
Prepayments, other receivables and other assets	12,872	17,533
Trade receivables	4,300,634	3,886,855
Due from related companies	25,641	8,875
Financial assets measured at fair value through profit or loss	6,387,360	–
Loan to deconsolidated subsidiaries	1,334,716	–
Due from deconsolidated subsidiaries	833,147	–
Pledged deposits	–	14,159
Cash and cash equivalents	16,536	23,170
	13,628,060	4,719,013
Assets of a disposal group classified as held for sale	–	7,000,025
Total current assets	13,628,060	11,719,038

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2020

	Notes	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	15	420,938	405,472
Accruals and other payables		583,857	1,018,755
Due to related companies		18,475	9,825
Due to a director		–	18,174
Loan from a deconsolidated subsidiary		4,431,888	–
Tax payable		144,296	126,321
Interest-bearing bank and other borrowings	16	1,997,925	12,284,883
		7,597,379	13,863,430
Liabilities directly associated with the assets classified as held for sale	14	–	3,607,196
Total current liabilities		7,597,379	17,470,626
NET CURRENT ASSETS/(LIABILITIES)		6,030,681	(5,751,588)
TOTAL ASSETS LESS CURRENT LIABILITIES		11,036,721	11,700,205
NON-CURRENT LIABILITIES			
Other payables		4,627	41,099
Interest-bearing bank and other borrowings	16	–	897
Deferred tax liabilities		22,010	20,173
Total non-current liabilities		26,637	62,169
Net assets		11,010,084	11,638,036
EQUITY			
Equity attributable to owners of the Company			
Share capital		699,065	699,065
Reserves		10,311,019	10,938,971
Total equity		11,010,084	11,638,036

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium account	Statutory surplus reserve	Other reserve	Exchange translation reserve	Share option reserve	Retained profits	Total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 July 2020 (audited)	699,065	6,362,535	45,642	(134,182)	(553,111)	154,868	5,063,219	11,638,036	-	11,638,036
Loss for the period	-	-	-	-	-	-	(993,132)	(993,132)	-	(993,132)
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	360,997	-	-	360,997	-	360,997
Total comprehensive loss for the period	-	-	-	-	360,997	-	(993,132)	(632,135)	-	(632,135)
Disposal of a subsidiary	-	-	-	135,121	-	-	(135,121)	-	-	-
Deconsolidation of subsidiaries	-	-	-	-	-	-	4,183	4,183	-	4,183
Transfer to statutory surplus reserve	-	-	8,046	-	-	-	(8,046)	-	-	-
Adjustments on deconsolidation of subsidiaries	-	-	-	-	-	-	-	-	-	-
At 31 December 2020 (unaudited)	699,065	6,362,535	53,688	939	(192,114)	154,868	3,931,103	11,010,084	-	11,010,084
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 income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	(74,359)	-	-	(74,359)	-	(74,359)
Total comprehensive income 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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash flows used in operating activities	(724,229)	(1,085,166)
Net cash flows from investing activities		
Purchase of items of property, plant and equipment	(1,988)	(8,109)
Increase in investment properties	–	(2,903)
Proceeds from disposal of a subsidiary	3,420,142	–
Increase in prepayments	(2,462,639)	–
Cash outflow from deconsolidated subsidiaries	(15,733)	–
Addition to vines	(3,075)	(3,543)
Interests received	4	2,560
Decrease in pledged deposits	14,159	177,608
	950,870	165,613
Net cash flows used in financing activities		
Proceeds from bank borrowings	2,129	–
Repayment of bank and other borrowings	(123,500)	–
Interest and other finance charges paid	(93,289)	(597,999)
Principal portion of lease payments	(2,553)	–
	(217,213)	(597,999)
Net increase/(decrease) in cash and cash equivalents	9,428	(1,517,552)
Cash and cash equivalents at beginning of the period	23,170	3,884,371
Effect of foreign exchange rate changes, net	(16,062)	14,098
Cash and cash equivalents at end of the period, represented by cash and bank balances	16,536	2,380,917

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

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 2020.

Deconsolidation of Subsidiaries

On 13 July 2020, in connection with an aggregate amount of HK\$6,800 million two-year senior notes (the “Senior Notes”), Smart Edge Limited (“Smart Edge”) received notifications concerning the appointment of Cosimo Borrelli (“Mr. Borrelli”) and Ma Siu Ming Simon (“Mr. Simon Ma”, together with Mr. Borrelli, the “Receivers”) as joint and several receivers and managers over the security assets provided under the Senior Notes, including the Group’s investment properties with an aggregate value of HK\$15 billion as at 30 June 2020, and the appointment of Mr. Borrelli, Mr. Simon Ma and Chi Lai Man Jocelyn (“Ms. Jocelyn Chi”) as new directors of Smart Edge in place of the former directors of Smart Edge (the “SE Former Directors”). Further details are set out in the Company’s announcement dated 15 July 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

1. Basis of Preparation (Continued)

Deconsolidation of Subsidiaries (Continued)

On 7 October 2020, in connection with the loan facilities with principal amounts of approximately HK\$3,378 million (the “Mezzanine Loan”), the Company received notification from its Bermuda agent of a petition dated 7 August 2020 (the “Winding-up Petition”) and an application (the “JPL Application”) presented by the security agent of the Mezzanine Loan to the Supreme Court of Bermuda for the winding-up and the appointment of joint provisional liquidators of the Company, respectively. The hearing of the Winding-up Petition and the JPL Application scheduled on 9 October 2020 was subsequently adjourned to 19 March 2021. In addition, on 8 October 2020, Cheng Mei Holdings Limited (“Cheng Mei”) and Goal Eagle Limited (“Goal Eagle”) also received notifications from the security agent of the Mezzanine Loan that joint receivers have been appointed to Cheng Mei and Goal Eagle over the security assets provided under the Mezzanine Loan. Further details are set out in the Company’s announcements dated 11 October 2020, 16 October 2020, 1 November 2020, 25 November 2020, 8 December 2020, 10 January 2021 and 15 February 2021.

Given the above circumstances, the Group has lost control over the operations of Smart Edge, Cheng Mei and Goal Eagle (collectively the “Deconsolidated Subsidiaries”) and the directors of the Group have determined to exclude the financial position, results and cash flows of the Deconsolidated Subsidiaries from the Group’s condensed consolidated financial statements as at and for the six months period ended 31 December 2020. Hence Smart Edge has been deconsolidated with effect from 13 July 2020, while Cheng Mei and Goal Eagle have been deconsolidated with effect from 7 October 2020, in the condensed consolidated financial statements. The net assets of the Deconsolidated Subsidiaries were recognised as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position at fair value with net changes in fair value recognised in the condensed consolidated statement of profit or loss.

1. Basis of Preparation (Continued)

Going concern basis

For the six months ended 31 December 2020, the Group reported a net loss of approximately HK\$993.1 million and as at 31 December 2020, the Group had capital commitments of approximately HK\$2,147 million as disclosed in note 17 to the financial statements. As at 31 December 2020, the Group had total bank and other borrowings and accrued loan interest and charges payables of approximately HK\$1,998 million and HK\$29 million, respectively, which were repayable within 12 months from 31 December 2020. As at 31 December 2020, the Senior Notes and the Mezzanine Loan, which were overdue and repayable on demand, as the Group had breached certain financial covenants in respect of these loan facilities.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group has implemented, or is in the process of implementing, the following plans, and measures to mitigate the liquidity pressure and to improve its financial position:

- (i) On 23 December 2020, it was confirmed to the Group by the Receivers that the Receivers and an independent third party (the "Purchaser") have entered into a sale and purchase agreement (the "SE Disposal Agreement") in respect of 100% equity interest of Smart Edge (the "SE Disposal"). The Receivers have informed the Company that (i) the funds to be received by the Receivers pursuant to the SE Disposal Agreement will be sufficient to settle all outstanding indebtedness in relation to the Senior Notes and the Mezzanine Loan in full; and (ii) the Purchaser has paid very substantial non-refundable deposits pursuant to the terms of the SE Disposal Agreement. The management expects to complete the SE Disposal of Smart Edge within the 1st half of 2021. The Board is confident that once the SE Disposal Agreement has been duly completed, all legal proceedings relating to the Senior Notes and the Mezzanine Loan, as well as the Winding-Up Petition will be resolved amicably.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

1. Basis of Preparation (Continued)

Going concern basis (Continued)

- (ii) On 2 September 2020, the Group entered into a term sheet with an independent third party for the disposal of Goldin Factoring Limited and its subsidiary at a cash consideration of approximately HK\$2,050 million, subject to adjustment on the final consideration on completion. The Group actively cooperates with the buyer for the due diligence exercise and expects to complete such disposal in the 2nd half of FY2021. The proceeds arising from the disposal will be used for meeting the Group's general working capital requirements. Further details are set out in the Company's circular dated 4 February 2021.

- (iii) the Group maintains a borrowing facility of US\$500 million (equivalent to HK\$3,876.3 million) from a related company in which Mr. Pan Sutong ("Mr. Pan"), the controlling shareholder of the Company, has a beneficial interest. None of the amount of the facility had been utilised as at 31 December 2020.

The Directors, after taking into account the above-mentioned plans and measures, are of the opinion that, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2020. Accordingly, the Directors believe that it is appropriate to prepare the unaudited interim condensed consolidated financial statements on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

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 2020, 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 2020.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

3. Operating Segment Information (Continued)

The following tables present revenue and profit information for the Group's business segments for the six months ended 31 December 2020 and 31 December 2019, respectively.

For the six months ended 31 December 2020

	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	22,501*	44,215	105,378	–	–	172,094
Intersegment sales	1,323*	–	–	–	(1,323)	–
Total	23,824	44,215	105,378	–	(1,323)	172,094
Segment results:	20,412*	(45,775)	82,444	(1,417)	(1,323)	54,341
<i>Reconciliations</i>						
Unallocated other income, gains and losses, net						(333,636)
Corporate administrative expenses						(111,516)
Gain on disposal of a subsidiary						31,224
Change in fair value of financial assets measured at fair value through profit or loss						(269,557)
Finance costs						(346,240)
Loss before tax						(975,384)

* For the period from 1 July 2020 to 13 July 2020

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)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

4. Revenue, Other Income, Gains and Losses

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

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of wines	11,057	93,503
Restaurant operations	28,735	36,748
Provision of wine storage services	4,423	10,400
Property management and related income	1,279*	17,559
Project management fee income	15,365	15,365
	60,859	173,575
<i>Interest income</i>		
Interest income from factoring services	105,378	95,028
<i>Revenue from other sources</i>		
Gross rental income	5,857*	79,160
	172,094	347,763

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

4. Revenue, Other Income, Gains and Losses (Continued)

Revenue from contracts with customers

Disaggregated revenue information

For the six months period ended 31 December 2020

	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	11,057	–	11,057
Restaurant operations	28,735	–	28,735
Provision of wine storage services	4,423	–	4,423
Property management and related income	–	1,279*	1,279
Project management fee income	–	15,365	15,365
Total revenue from contracts with customers	44,215	16,644	60,859
Timing of revenue recognition			
Goods transferred at a point in time	39,792	–	39,792
Services transferred over time	4,423	16,644	21,067
Total revenue from contracts with customers	44,215	16,644	60,859

* For the period from 1 July 2020 to 13 July 2020

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

4. Revenue, Other Income, Gains and Losses (Continued)

Revenue from contracts with customers (Continued)

Disaggregated revenue information (Continued)

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 2020

4. Revenue, Other Income, Gains and Losses (Continued)

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	4	2,560
Interest income from a deconsolidated subsidiary	101,339	–
Government grant	15,598	–
Others	385	1,336
	117,326	3,896
Other gains and losses		
Foreign exchange differences, net	10,248	3,306
Termination cost (Note)	(451,654)	–
	(441,406)	3,306
	(324,080)	7,202

Note: On 17 July 2020, the Group entered into a set of agreements, including a sale and purchase agreement and an option deed with an independent third party for the transfer of the entire equity interest in Rich Fast International Limited (“Rich Fast”) and a project management agreement in connection with the Group’s properties under development with an independent third party (the “Kai Tak Arrangement”). On 27 July 2020, the Group further entered into a sale and purchase agreement and a profit sharing agreement with another independent third party to dispose of the entire equity interest in Rich Fast at a cash consideration of approximately HK\$3,477 million. The Kai Tak Arrangement was terminated on 27 July 2020 and the Group incurred transaction costs of approximately HK\$451,654,000 for such termination.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

5. Finance Costs

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	346,016	613,537
Interest on lease liabilities	224	–
Less: Interest capitalised	–	(236,199)
	346,240	377,338

6. Loss Before Tax

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

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	24,496	34,456
Less: Amount included in inventory overheads	(2,164)	(2,108)
	22,332	32,348
Depreciation of right-of-use assets	3,574	1,099
Amortisation of intangible assets	454	458

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

7. Income Tax Expense

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current – Hong Kong		
Charge for the period	–	–
Current – Elsewhere		
Charge for the period	19,746	18,394
Overprovision in prior year	–	(9,600)
Deferred		
Charge for the period	–	382
Credit for the period	(1,998)	–
Tax charge for the period	17,748	9,176

8. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

9. Loss Per Share

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

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	(993,132)	(478,229)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

9. Loss Per Share (Continued)

	Number of shares Six months ended 31 December	
	2020 '000	2019 '000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	6,990,652	6,990,652
Effect of dilution – weighted average number of ordinary shares:		
Share options	–	–
Weighted average number of ordinary shares in issue during the period used in the diluted loss per share calculation	6,990,652	6,990,652

The calculation of the diluted loss per share amount is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the period, which was used in the basic loss per share calculation, plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has made to the basic loss per share amount presented for the period ended 31 December 2020 and 31 December 2019 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

10. Investment Properties

	HK\$'000
Carrying amount at 30 June 2019 and 1 July 2019 (audited)	18,500,000
Additions during the year	11,480
Non-cash lease incentives	9,060
Initial direct costs	951
Amortisation of lease incentives	(19,996)
Amortisation of initial direct costs	(5,572)
Change in fair value	(3,495,923)
Carrying amount at 30 June 2020 (audited)	15,000,000
Deconsolidation of a subsidiary	(15,000,000)
Carrying amount at 31 December 2020 (unaudited)	–

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 2020, the Group's investment properties were deconsolidated from the Group, details are set out in note 1 to the financial statements.

At 30 June 2020, the Group's investment properties stated at fair value was revalued by B.I. Appraisals Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

11. Trade Receivables

Included in the balances are trade receivables for wine trading, provision of wine storage services, provision of factoring services, 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 provision of 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 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Less than 121 days	2,277,816	2,736,539
121 to 150 days	2,577	910,295
151 to 180 days	1,405	2,855
181 to 365 days	1,797,568	17,470
Over 1 year	221,268	219,696
	4,300,634	3,886,855

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

12. Amount 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:

	31 December 2020 HK\$'000	Maximum amount outstanding during the period HK\$'000	30 June and 1 July 2020 HK\$'000	Maximum amount outstanding during the prior year HK\$'000	1 July 2019 HK\$'000
Companies controlled by Mr. Pan	25,641	25,641	8,875	1,376,770	144,186

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

13. Financial Assets Measured at Fair Value Through Profit or Loss

	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Financial assets measured at fair value through profit or loss	6,387,360	—

As disclosed in note 1, the Group does not include the Deconsolidated Subsidiaries in the scope of consolidation. Consequently, the group's interests in these deconsolidated subsidiaries are presented in the condensed consolidated financial statements as financial assets measured at fair value through profit or loss and are stated at fair value as at 31 December 2020. The directors measured the fair value of the Deconsolidated Subsidiaries based on the unaudited net assets values of the Deconsolidated Subsidiaries as at 31 December 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

14. Assets/liabilities of a Disposal Group

On 10 May 2020, the Group entered into a sale and purchase agreement (the "GF SPA") with an independent third party to dispose of its entire equity interest in Gold Flair Holdings Limited ("Gold Flair"), the holding company of Rich Fast International Limited (collectively the "GF Group"), and the related shareholder's loan at an aggregate consideration of HK\$7,040 million. Further details of which are set out in the Company's announcement dated 10 May 2020.

The assets and liabilities of the GF Group (excluding an inter-company loans and amounts due from/to group companies which are eliminated on consolidation) as at 30 June 2020 are as follows:

	HK\$'000 (Audited)
<hr/>	
Assets	
Properties under development	7,000,000
Prepayment	2
Pledged deposits	23
<hr/>	
Assets classified as held for sale	7,000,025
<hr/>	
Liabilities	
Trade payables	9,032
Accruals and other payables	34,935
Interest-bearing bank borrowing	3,563,229
<hr/>	
Liabilities directly associated with the assets classified as held for sale	3,607,196
<hr/>	
Net assets directly associated with the disposal group	3,392,829

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

14. Assets/liabilities of a Disposal Group (Continued)

On 17 July 2020, the GF SPA was terminated and, on 27 July 2020, the Group entered into a sale and purchase agreement (the "RF SPA") and a profit sharing agreement (the "Profit Sharing Agreement") with another independent third party to dispose of the entire equity interest in Rich Fast at a cash consideration of approximately HK\$3,477 million (the "Kai Tak Disposal"). Further details of the RF SPA and the Profit Sharing Agreement are set out in the Company's announcement dated 28 July 2020.

The Kai Tak Disposal was completed on 27 July 2020 and the Group received cash proceeds of approximately HK\$3,420 million, net of transaction costs.

Details of the net assets of the Rich Fast disposed of during the period and the financial impacts are summarized as follows:

	HK\$'000 (Unaudited)
Net asset disposed of:	
Properties under development	7,000,000
Pledged deposits	23
Trade payables	(9,032)
Accruals and other payables	(38,844)
Interest-bearing bank borrowing	(3,563,229)
	3,388,918
Gain on disposal	31,224
Satisfied by cash consideration	3,420,142

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

14. Assets/liabilities of a Disposal Group (Continued)

An analysis of the cash flows in respect of the disposal of the Rich Fast is as follows:

	HK\$'000 (Unaudited)
Cash consideration	3,420,142
Pledged deposits disposed of	(23)
Net inflows of cash and cash equivalents in respect of the disposal of the Rich Fast	3,420,119

15. 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 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Less than 121 days	233,732	295,428
121 to 150 days	–	107,393
151 to 180 day	–	912
181 to 365 days	187,195	1,728
Over 1 year	11	11
	420,938	405,472

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

16. Interest-Bearing Bank and Other Borrowings

	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Current		
Secured bank loans	1,989,997	15,719,381
Secured other loan	–	100,000
Unsecured bank overdrafts	1,481	636
Unsecured bank loan	6,447	4,595
Unsecured other loan	–	23,500
	1,997,925	15,848,112
Included in liabilities directly associated with the assets classified as held for sale	–	(3,563,229)
	1,997,925	12,284,883
Non-current		
Unsecured bank loan	–	897
	–	897
	1,997,925	12,285,780

17. Commitments

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

	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Contracted, but not provided for:		
Acquisition of subsidiaries	2,147,334	4,286,935
Properties under development	–	54,894
	2,147,334	4,341,829

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

18. 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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Transactions with related companies in which a substantial shareholder of the Company has beneficial interests:		
Sales of wines	38	2,975
Project management fee income	15,365	15,365
Property management fee income	146*	2,093
Rental income	932*	12,613
Rental expenses	32	–
Sales of food and beverage	3,614	4,949

* For the period from 1 July 2020 to 13 July 2020

(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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	11,630	11,630
	11,630	11,630

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

19. Fair Value of Financial Instruments

Except for financial assets measured at fair value through profit or loss as set out in note 13 to the financial statements, the Group did not have any financial assets and liabilities measured at fair value as at 31 December 2020 and 30 June 2020.

Management has assessed that the fair values of cash and bank balances, trade receivables, trade payables, financial assets measured at fair value through profit or loss, financial assets included in prepayments, deposits and other receivables, financial liabilities included in accruals and other payables and the current portion of interest-bearing bank and other borrowings, loan from/to deconsolidated subsidiaries, balances with deconsolidated subsidiaries 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 and other payables 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 fair value approximated its carrying value as at 31 December 2020.