



Interim Report

2010/11



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

(Incorporated in Bermuda with limited liability)
(Stock Code: 00530)

* For identification purposes only

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CORPORATE INFORMATION

DIRECTORS

Pan Sutong (*Chairman*)¹
Wong Hau Yan, Helvin
Zhou Dengchao
Hou Qin
Huang Xiaojian¹
Tso Hon Sai, Bosco²
Hui Wai Man, Shirley²
Tang Yiu Wing²

¹ *Non-executive Directors*

² *Independent Non-executive Directors*

COMPANY SECRETARY

Wong Hau Yan, Helvin

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HONG KONG PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKERS

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

SHARE REGISTRAR AND TRANSFER OFFICES

Principal:

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

Hong Kong Branch:

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

STOCK CODE

00530

WEBSITE

www.goldinfinancial.com

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010

		Six months ended 31 December	
	Notes	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Continuing operations			
Revenue	3	168,205	33,219
Cost of sales		(61,021)	(9,170)
Gross profit		107,184	24,049
Other income	4	967	60
Other (losses)/gains	5	(304,039)	22,912
Selling and distribution expenses		(229)	(49)
Administrative expenses		(33,264)	(28,447)
Gain on disposal of subsidiaries		–	9
Finance costs		(2,875)	(162)
(Loss)/profit before tax		(232,256)	18,372
Income tax expenses	6	(911)	(2,308)
(Loss)/profit from continuing operations		(233,167)	16,064
Discontinued operation			
Profit from discontinued operation	7	–	1,591
(Loss)/profit for the period	8	(233,167)	17,655
Other comprehensive income			
Available-for-sale investments			
– change in fair value		77,476	–
Exchange differences on translation of foreign operations		(2,698)	1,023
Other comprehensive income for the period, net of tax		74,778	1,023
Total comprehensive (loss)/income for the period		(158,389)	18,678

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 31 December 2010

		Six months ended 31 December	
	<i>Notes</i>	2010 (Unaudited)	2009 (Unaudited)
(Loss)/earnings per share attributable to owners of the Company	<i>10</i>		
Basic			
– For (loss)/profit for the period		HK (7.02) cents	HK1.17 cents
– For (loss)/profit from continuing operations		HK (7.02) cents	HK1.07 cents
Diluted			
– For (loss)/profit for the period		HK (7.01) cents	HK1.15 cents
– For (loss)/profit from continuing operations		HK (7.01) cents	HK1.05 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	31 December 2010 HK\$'000 (Unaudited)	30 June 2010 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Plant and equipment	11	24,036	18,778
Available-for-sale investments	12	728,293	175,623
Loan and receivable		21,850	–
Total non-current assets		774,179	194,401
CURRENT ASSETS			
Inventories		1,768	123
Trade receivables	13	1,879,326	1,566,109
Prepayments, deposits and other receivables		104,648	298,598
Financial assets at fair value through profit or loss	14	125	16,027
Cash and bank balances		949,855	1,537,870
Total current assets		2,935,722	3,418,727
CURRENT LIABILITIES			
Trade payables	15	268,539	233,640
Accruals, other payables, other deposits and receipts in advance		11,907	17,079
Provision for an onerous contract		2,555	2,555
Other borrowing	16	378,051	85,371
Tax payable		25,221	28,091
Total current liabilities		686,273	366,736
NET CURRENT ASSETS		2,249,449	3,051,991
TOTAL ASSETS LESS CURRENT LIABILITIES		3,023,628	3,246,392
NON-CURRENT LIABILITIES			
Deferred tax liabilities		548	548
Net assets		3,023,080	3,245,844
EQUITY			
Equity attributable to owners of the Company			
Issued capital	17	332,094	332,055
Reserves		2,690,986	2,913,789
Total equity		3,023,080	3,245,844

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2010

	Issued capital	Share premium account	Contributed surplus	Exchange translation reserve	Share option reserve	Available- for-sale investments revaluation reserve	Retained profits/ (accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2010 (audited)	332,055	2,837,389	-	4,631	6,740	(57,186)	122,215	3,245,844
Total comprehensive income/(loss) for the period	-	-	-	(2,698)	-	77,476	(233,167)	(158,389)
2010 final dividend paid	-	-	-	-	-	-	(66,418)	(66,418)
Equity-settled share option arrangement	-	-	-	-	1,790	-	-	1,790
Issue of shares upon exercise of share options	39	282	-	-	(68)	-	-	253
Lapsed share options	-	-	-	-	(27)	-	27	-
At 31 December 2010 (unaudited)	332,094	2,837,671	-	1,933	8,435	20,290	(177,343)	3,023,080
At 1 July 2009 (unaudited)	94,862	561,653	-	-	-	-	(15,534)	640,981
Total comprehensive income/(loss) for the period	-	-	-	1,023	-	-	17,655	18,678
Rights issues	237,156	2,300,411	-	-	-	-	-	2,537,567
Share issue expenses	-	(24,844)	-	-	-	-	-	(24,844)
Equity-settled share option arrangement	-	-	-	-	9,649	-	-	9,649
Lapsed share options	-	-	-	-	(5)	-	5	-
At 31 December 2009 (unaudited)	332,018	2,837,220	-	1,023	9,644	-	2,126	3,182,031

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 31 December 2010

	Six months ended 31 December	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Net cash used in operating activities	(507,593)	(799,250)
Net cash (used in)/generated from investing activities		
Purchase of plant and equipment	(8,379)	(247)
Interests received	935	23
Disposal of subsidiaries	–	19,600
	(7,444)	19,376
Net cash (used in)/generated from financing activities		
Proceed from other borrowing	–	21,100
Repayment of other borrowing	–	(19,686)
Proceeds from issue of shares	253	2,537,567
Share issue expenses	–	(24,844)
Dividend paid	(66,418)	–
Interest paid	–	(147)
	(66,165)	2,513,990
Net (decrease)/increase in cash and cash equivalents	(581,202)	1,734,116
Cash and cash equivalents at beginning of the period	1,537,870	624,025
Effect of foreign exchange rate changes, net	(6,813)	–
Cash and cash equivalents at end of the period, represented by cash and bank balances	949,855	2,358,141

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2010

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

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 audited financial statements for the financial year ended 30 June 2010.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 July 2010.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues
HKAS 39 (Amendment)	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HKFRS 1 (Amendments)	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Amendments to HKFRS 2 Share-based Payment – Group Cash – settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

For the six months ended 31 December 2010

2. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

The adoption of these new HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. **SEGMENT INFORMATION**

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

Continuing Operations

- (a) the factoring segment engages in provision of factoring services;
- (b) the financial investment segment engages in securities and derivatives investment and trading;
- (c) the restaurant segment engages in operation of a restaurant;
- (d) the wine business segment engages in investment and trading of wines; and

Discontinued Operation

- (e) the property investment segment engaged in property rental.

The following tables present revenue and profit information for the Group's business segments for the six months ended 31 December 2009 and 2010, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2010

3. SEGMENT INFORMATION (Continued)

For the six months ended 31 December 2010

	Factoring HK\$'000 (Unaudited)	Financial investment HK\$'000 (Unaudited)	Wine		Total HK\$'000 (Unaudited)
			investment and trading HK\$'000 (Unaudited)	Operation of a restaurant HK\$'000 (Unaudited)	
Segment revenue:					
Sales to external customers	60,148	–	100,742	7,315	168,205
Segment results	48,576	(303,838)	45,736	(62)	(209,588)
Reconciliations:					
Unallocated interest and other income					935
Corporate and unallocated expenses					(20,728)
Finance costs					(2,875)
Loss before tax					(232,256)

For the six months ended 31 December 2009

	Continuing operations			Discontinued operation		Consolidated HK\$'000 (Unaudited)
	Factoring HK\$'000 (Unaudited)	Financial investment HK\$'000 (Unaudited)	Operation of a restaurant HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	
Segment revenue:						
Sales to external customers	25,786	–	7,433	33,219	277	33,496
Segment results	19,362	22,912	(692)	41,582	1,616	43,198
Reconciliations:						
Unallocated interest and other income				23	–	23
Corporate and unallocated expenses				(23,080)	–	(23,080)
Gain on disposal subsidiaries				9	211	220
Finance costs				(162)	–	(162)
Profit before tax				18,372	1,827	20,199

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2010

4. OTHER INCOME

	Six months ended 31 December	
	2010 <i>HK\$'000</i> (Unaudited)	2009 <i>HK\$'000</i> (Unaudited)
Continuing operations		
Bank interest income	183	23
Other interest income	752	–
Others	32	37
	967	60

5. OTHER (LOSSES)/GAINS

	Six months ended 31 December	
	2010 <i>HK\$'000</i> (Unaudited)	2009 <i>HK\$'000</i> (Unaudited)
Continuing operations		
Net fair value (losses)/gains on derivative financial instruments through profit or loss	(301,993)	22,912
Net loss on disposal of available-for-sale investments	(2,046)	–
	(304,039)	22,912

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2010

6. INCOME TAX EXPENSE

	Six months ended 31 December	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Current – Hong Kong		
Charge for the period	–	2,308
Current – Elsewhere		
Charge for the period	911	–
Deferred	–	–
	<hr/>	<hr/>
Tax charge for the period	911	2,308
	<hr/>	<hr/>

7. DISCONTINUED OPERATION

On 16 October 2009, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Lion Castle Limited and its subsidiaries which carried out all of the Group's operation of property investment (the "Lion Castle Group"), and the entire shareholders' loan due to the Group by Lion Castle Group at a consideration of HK\$19,833,000. Accordingly, the business segment of property investment was classified as discontinued operation for the six months ended 31 December 2009.

The profit for the period from the discontinued operation was analysed as follows:

	Six months ended 31 December	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit from discontinued operation for the period	–	1,380
Gain on disposal of discontinued operation	–	211
	<hr/>	<hr/>
	–	1,591
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2010

7. DISCONTINUED OPERATION (Continued)

The results of the discontinued operation for the period from 1 July 2009 to the effective date of disposal, which had been included in the consolidated statement of comprehensive income and cash flow statement was as follows:

	Six months ended
	31 December
	2009
	<i>HK\$'000</i>
	(Unaudited)
Revenue	277
Cost of sales	–
Administrative expenses	(91)
Change in fair value of investment properties	1,430
	<hr/>
Profit before tax	1,616
Income tax expenses	(236)
	<hr/>
Profit for the period	1,380
	<hr/>
Cash flows from discontinued operation	
Net cash generated from operating activities	191
Net cash generated from investing activity	–
Net cash used in financing activities	(18,851)
	<hr/>
Net decrease in cash flows	(18,660)
	<hr/>
Earnings per share:	
Basic, from the discontinued operation	HK0.10 cents
Diluted, from the discontinued operation	HK0.10 cents
	<hr/>
Profit attributable to ordinary equity holders	
of the Company from the discontinued operation	HK\$1,591,000
Weighted average number of ordinary shares in issue	
during the period used in the basic earnings per share calculation	1,502,845,000
Weighted average number of ordinary shares used in	
the diluted earnings per share calculation	1,531,505,000
	<hr/>

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

For the six months ended 31 December 2010

8. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period from continuing operations has been arrived at after charging/(crediting):

	Six months ended 31 December	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	2,911	98
Loss on disposal of plant and equipment	6	1
Net foreign exchange (gain)/loss	(2,154)	149
Share based payment expenses	1,790	9,649

9. DIVIDEND

	Six months ended 31 December	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend of HK2.00 cents per share for the year ended 30 June 2010 paid during the period (year end 31 December 2008: Nil)	66,418	-

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2010 (2009: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2010

10. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 31 December	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
(Loss)/Earnings		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic (loss)/earnings per share calculation:		
From continuing operations	(233,167)	16,064
From discontinued operation	–	1,591
	(233,167)	17,655
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	3,320,700	1,502,845
Effect of dilution – weighted average number of ordinary shares		
Share options	5,883	28,660
	3,326,583	1,531,505

11. PLANT AND EQUIPMENT

During the six months ended 31 December 2010, the Group acquired items of plant and equipment at a total cost of approximately HK\$8,379,000 (31 December 2009: approximately HK\$247,000).

12. AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2010 HK\$'000 (Unaudited)	30 June 2010 HK\$'000 (Audited)
Equity investments listed elsewhere, at fair value	728,293	175,623

During the six months ended 31 December 2010, the net gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK\$77,476,000 (2009: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2010

13. TRADE RECEIVABLES

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

	31 December 2010 HK\$'000 (Unaudited)	30 June 2010 HK\$'000 (Audited)
Current to 90 days	669,167	1,033,944
91 to 120 days	325,599	376,163
121 to 180 days	884,560	156,002
	1,879,326	1,566,109

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2010 HK\$'000 (Unaudited)	30 June 2010 HK\$'000 (Audited)
Futures listed in Hong Kong, at fair value	125	16,027

15. TRADE PAYABLES

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

	31 December 2010 HK\$'000 (Unaudited)	30 June 2010 HK\$'000 (Audited)
Current to 90 days	87,304	175,970
91 to 120 days	48,537	56,270
Over 120 days	132,698	1,400
	268,539	233,640

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2010

16. OTHER BORROWING

Other borrowing represented margin loan borrowing from a financial institution. The amount is secured by the Group's available-for-sale equity investment, is interesting bearing at 3% over USD overnight London Interbank Offered Rate and repayable on demand. The effective interest rates on the Group's borrowing during the six months ended 31 December 2010 ranged from 2.25% to 2.35% per annum.

17. SHARE CAPITAL

Ordinary shares

	31 December 2010 HK\$'000	30 June 2010 HK\$'000
Authorised:		
5,500,000,000 ordinary shares of HK\$0.10 each	550,000	550,000
Issued and fully paid:		
3,320,939,520 (30 June 2010: 3,320,549,520) ordinary shares of HK\$0.10 each	332,094	332,055

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

	Number of shares in issue	Issued capital HK\$'000
At 1 July 2009	948,622,720	94,862
Rights issues	2,371,556,800	237,156
At 31 December 2009	3,320,179,520	332,018
Issue of shares upon exercise of share options	370,000	37
At 30 June 2010	3,320,549,520	332,055
Issue of shares upon exercise of share options	390,000	39
At 31 December 2010	3,320,939,520	332,094

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2010

18. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") on 28 January 2004 for the purpose of providing incentives or rewards to participants. Details of the Scheme was disclosed in the consolidated financial statements for the financial year ended 30 June 2010.

The following share options were outstanding under the Scheme during the period:

	Weighted average exercise price per share <i>HK\$</i>	Number of options <i>'000</i>
At 1 July 2010	0.653	42,080
Granted during the period	–	–
Exercised during the period	0.652	(390)
Lapsed during the period	–	–
Surrendered during the period	0.652	(170)
At 31 December 2010	0.653	41,520

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

31 December 2010 Number of options <i>'000</i>	Exercise price per share <i>HK\$</i>	Exercise period
3,000	0.654	22/07/2009 – 21/07/2019
1,000	0.652	23/07/2009 – 22/07/2019
4,000	0.654	22/01/2010 – 21/07/2019
7,145	0.652	23/01/2010 – 22/07/2019
4,000	0.654	22/01/2011 – 21/07/2019
7,875	0.652	23/01/2011 – 22/07/2019
4,000	0.654	22/01/2012 – 21/07/2019
10,500	0.652	23/01/2012 – 22/07/2019
41,520		

The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2010

19. RELATED PARTY TRANSACTIONS

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

	Six months ended 31 December	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Transactions with related companies in which a substantial shareholder of the Company has beneficial interests:		
Commission paid for underwriting the Company's shares	–	20,285
Brokerage commission paid	4,154	566
Financial advisory fees	–	10

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	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Short-term employee benefits	780	1,380
Equity-settled share option expenses	478	1,960
	1,258	3,340

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

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

For the six months ended 31 December 2010

20. EVENT AFTER THE END OF INTERIM PERIOD

On 21 January 2011, the Group entered into a sale and purchase agreement with Goldin Group (Investment) Limited (the "Vendor"), a related company wholly owned by Mr. Pan Sutong, the Chairman of the Board and non-executive Director, pursuant to which the Group acquired from the Vendor a convertible bond in the principal amount of HK\$90 million (the "Convertible Bond") for a cash consideration of HK\$90 million (the "Acquisition"), with an initial conversion price of HK\$6 per share. The Convertible Bond was issued by Goldin Properties Holdings Limited, a related company of the Company whose shares are listed on the main board of the Stock Exchange and principally engaged in property development and property investment. The Convertible Bond carries an interest rate of 8% per annum and is maturing in January 2014. The Acquisition constitutes a connected transaction under the Listing Rules. Details of the Acquisition are set out in the Company's announcement dated 21 January 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the six months period ended 31 December 2010, the Group recorded a turnover of approximately HK\$168.2 million (2009: HK\$33.2 million), representing an increase of approximately 406.6% from the corresponding period in 2009. For the six months period ended 31 December 2010, net loss was approximately HK\$233.2 million compared to net profit of HK\$17.7 million for the corresponding period in 2009. The decline was mainly due to the loss in financial investment. Despite the abovementioned situation, our factoring business which was newly launched in 2009, showed a significant growth in the period under review. The Board considers that the overall financial condition of the Group is sound and healthy.

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2010 (2009: nil).

Business Review

After restructuring the core businesses of the Group, factoring business showed a significant growth during the period and became a key revenue generator of the Group thanks to the rapid development of factoring business in China.

Factoring business

Supported by the huge economic stimulus package, China achieved a V-shaped recovery in 2010. As published by China Custom Statistics, China's total export volume in 2010 reached US\$1,577.9 billion and total export volume to U.S.A amounted to US\$283.8 billion, representing an increase of 31.3% and 28.6% respectively when compared to the same period in 2009. The strong growth in international trading created huge demand for trade financing in China.

Under the tightening credit policies carried out by banks in China, fund financing of small and medium-sized enterprises would be widely affected, in turn, it will favor the development of factoring business, which provides another way of business financing.

The Group is one of the important players in providing international factoring services among the associate members of Factors Chain International in Hong Kong. In addition, the Group has successfully stepped into the China factoring market through the Group's subsidiary in Shanghai since February 2010. By establishing its key operation bases in Hong Kong and Shanghai, the Group will be able to capture the huge growth potential of the factoring business in Hong Kong and China.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Factoring business (Continued)

During the six months period under review, the Group generated revenue of approximately HK\$60.1 million from the factoring segment (2009: approximately HK\$25.8 million), representing an increase of 132.9% from the corresponding period in 2009. Profit from this segment for the period amounted to approximately HK\$48.6 million (2009: HK\$19.4 million), representing an increase of 150.5% as compared with that of 2009.

Financial investment

Due to the fluctuation of capital market in 2010, the Group recorded a net loss of HK\$303.8 million from the financial investment segment when compared to the profit of HK\$22.9 million in the corresponding period in 2009. The Group will continue to cautiously monitor the investments by appropriate internal and risk management. In addition, foreseeing the return of the US and Europe capital markets after a long decline from 2008 to 2010, the Group had allocated more resources to invest in these capital markets so as to capture higher profit. The Group's available-for-sale investments recorded a fair value gain of HK\$77.5 million in other comprehensive income for the six months ended 31 December 2010 (2009: nil).

Restaurant operation

The restaurant operation still contributed revenue to the Group during the period under review. The turnover from the restaurant operation amounted to approximately HK\$7.3 million (2009: approximately HK\$7.4 million), representing a decrease of 1.4% as compared to the corresponding period in 2009. Net loss of this segment was approximately HK\$62,000 (2009: approximately HK\$692,000).

Wine business

Wine tasting is getting popular nowadays both in Hong Kong and China, which even become a social status symbol especially among the newly formed middle classes in China. The demand for wine is increasing at extremely at high speed. With the implementation of tax free policy on wine since 2008 and the huge demand from China, Hong Kong gradually became one of the world's largest wine auction centers. To capture the growth potential, the Group expanded into this wine business segment during the period under review. For the six months ended 31 December 2010, the turnover from the wine investment and trading amounted to HK\$100.7 million and net profit of this segment was HK\$45.7 million. The Group believes that it is a right path to expand into the wine business which will generate profit for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects

Broadening business horizon has always been the Group's key development strategy, which, in the opinion of the management, will support the growth of the Company and enhances the shareholders' value.

Looking ahead, the Group will continue to focus on its core business, provision of factoring service in Hong Kong and China, while expanding into other industry sectors internationally other than the currently well-established electronics segment, and into other potential business locations in China. Moreover, the Group will further diversify its investment portfolio to include investments such as fixed income instruments to generate stable income for the Group. Furthermore, the Group will also actively explore for any attractive investment opportunities from time to time so as to maximize return and enhance shareholder's value.

Financial Review

Liquidity, financial resources and gearing

As at 31 December 2010, the Group's working capital amounted to approximately HK\$2,249.4 million (30 June 2010: HK\$3,052.0 million), and cash and bank balances of HK\$949.9 million (30 June 2010: HK\$1,537.9 million).

The Group had other borrowing of approximately HK\$378.1 (30 June 2010: HK\$85.4 million). The gearing ratio, measured in terms of total borrowings divided by total equities, was approximately 12.5% as at 31 December 2010 (30 June 2010: approximately 2.6%).

The Group's core businesses are in Hong Kong and China and its transactions are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. Due to Renminbi appreciation, the Group's exposure to the fluctuations in exchange rates of United States dollars and Renminbi has become more significant. The Group will carefully monitor and minimize such risk.

Contingent liabilities

The Group do not have any contingent liabilities as of 31 December 2010.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financial Review *(Continued)*

Pledge of assets

At 31 December 2010, the Group's available-for-sale investments of HK\$728,293,000 (30 June 2010: HK\$175,623,000) were pledged to a financial institution to secure margin financing facilities provided to the Group.

Event after end of interim period

On 21 January 2011, the Group entered into a sale and purchase agreement with Goldin Group (Investment) Limited (the "Vendor"), a related company wholly owned by Mr. Pan Sutong, the Chairman of the Board and non-executive Director, pursuant to which the Group acquired from the Vendor a convertible bond in the principal amount of HK\$90 million (the "Convertible Bond") for a cash consideration of HK\$90 million (the "Acquisition"), with an initial conversion price of HK\$6 per share. The Convertible Bond was issued by Goldin Properties Holdings Limited, a related company of the Company whose shares are listed on the main board of the Stock Exchange and principally engaged in property development and property investment. The Convertible Bond carries an interest rate of 8% per annum and is maturing in January 2014. The Acquisition constitutes a connected transaction under the Listing Rules. Details of the Acquisition are set out in the Company's announcement dated 21 January 2011.

Employment and Remuneration Policy

As of 31 December 2010, the Group had about 59 employees (2009: 46 employees). Total staff costs for the six months ended 31 December 2010 were approximately HK\$9.5 million (2009: HK\$4.9 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2010, the directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules:

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

Name of director	Number of ordinary shares of HK\$0.10 each held				Number of underlying shares held under equity derivatives (Note (i))	Total	Percentage holdings (Note (ii))
	Personal interests	Family interests	Corporate interests	Other interests			
Pan Sutong	131,255,000	-	2,184,475,800 (Note (iii))	-	-	2,315,730,800	69.73
Wong Hau Yan, Helvin	-	-	-	-	3,000,000	3,000,000	0.09
Zhou Dengchao	1,000,000	-	-	-	3,000,000	4,000,000	0.12
Hou Qin	1,560,000	-	-	-	3,000,000	4,560,000	0.14

Notes:

- (i) The interests in the underlying shares represented share options granted by the Company to these directors as beneficial owners, the details of which are set out in the section below headed "SHARE OPTION SCHEME".
- (ii) The percentage of interest in the issued share capital was calculated on the basis of 3,320,939,520 shares of the Company in issue at 31 December 2010.
- (iii) The 2,184,475,800 shares of the Company comprise (i) 2,141,085,800 shares in the Company and 43,390,000 shares in the Company held by Goldin Global Holdings Limited ("GGH") and Clear Jade International Limited respectively which are wholly and beneficially owned by Mr. Pan Sutong ("Mr. Pan"), a non-executive Director and the chairman of the Board.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

(Continued)

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

(Continued)

Save as disclosed above, as at 31 December 2010, none of the directors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 June 2010, the following persons (other than any directors or chief executive of the Company) were substantial shareholders of the Company (as defined in the Listing Rules) and had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

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

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SECURITIES *(Continued)*

Notes:

- (i) Goldin Global Holdings Limited is a wholly owned subsidiary and hence a controlled corporation of Goldin Investment Holdings Limited ("Goldin Investment"). Goldin Investment is a wholly owned subsidiary and hence a controlled corporation of Goldin Real Estate Financial Holdings Limited ("Goldin Real Estate Financial"). Goldin Real Estate Financial is wholly and beneficially owned by Mr. Pan Sutong, a non-executive director of the Company and the chairman of the Board whose interests in the shares of the Company are disclosed in the paragraph entitled "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES" above.
- (ii) The percentage of interest in the issued share capital was calculated on the basis of 3,320,939,520 shares of the Company in issue at 31 December 2010.

Save as disclosed above, as at 31 December 2010, the Company had not been notified of any other persons (other than any directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Scheme") was adopted on 28 January 2004. The purpose of the Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest. At a special general meeting of the Company held on 20 July 2009, the Company's shareholders approved a refreshment of the 10% limit on the grant of options under the Scheme and the total number of shares which may be issued upon the exercise of options granted under the Scheme was re-set at 10% of the shares in issue on 20 July 2009, the date of approval of the refreshment (i.e. 94,862,272 shares). The key terms of the Scheme had been summarized in the section headed "SHARE OPTION SCHEME" of the Report of the Directors from pages 17 to 18 of the Company's 2009/10 annual report of the Company published in September 2010.

SHARE OPTION SCHEME (Continued)

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

Name of participant	Grant date (dd.mm.yyyy)	Number of share options						As at 31 December 2010	Exercise price per share (HK\$)	Exercisable period (dd.mm.yyyy)
		As at 1 July 2010	Granted	Exercised	Cancelled	Lapsed	Surrendered			
Directors										
Wong Hau Yan, Helvin	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2010 to 21.7.2019
	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2011 to 21.7.2019
	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2012 to 21.7.2019
Zhou Dengchao	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2010 to 21.7.2019
	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2011 to 21.7.2019
	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2012 to 21.7.2019
Hou Qin	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2010 to 21.7.2019
	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2011 to 21.7.2019
	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2012 to 21.7.2019
Employees (in aggregate)	22.7.2009	3,000,000	-	-	-	-	-	3,000,000	0.654	22.7.2009 to 21.7.2019
	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2010 to 21.7.2019
	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2011 to 21.7.2019
	22.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.654	22.1.2012 to 21.7.2019
	23.7.2009	1,895,000	-	(360,000) (Note 1)	-	-	-	1,535,000	0.652	23.1.2010 to 22.7.2019
	23.7.2009	2,190,000	-	-	-	-	-	2,190,000	0.652	23.1.2011 to 22.7.2019
	23.7.2009	2,920,000	-	-	-	-	-	2,920,000	0.652	23.1.2012 to 22.7.2019
Others (in aggregate)	23.7.2009	1,000,000	-	-	-	-	-	1,000,000	0.652	23.7.2009 to 22.7.2019
	23.7.2009	5,670,000	-	(30,000) (Note 2)	-	-	(30,000)	5,640,000	0.652	23.1.2010 to 22.7.2019
	23.7.2009	5,745,000	-	-	-	-	(60,000)	5,685,000	0.652	23.1.2011 to 22.7.2019
	23.7.2009	7,660,000	-	-	-	-	(80,000)	7,580,000	0.652	23.1.2012 to 22.7.2019
		42,080,000	-	(390,000)	-	-	(170,000)	41,520,000		

SHARE OPTION SCHEME (Continued)

Notes:

1. The weighted average closing price of the Company's shares traded on the Stock Exchange immediately before the date on which the options were exercised was HK\$0.88.
2. The weighted average closing price of the Company's shares traded on the Stock Exchange immediately before the date on which the options were exercised was HK\$0.82.

The vesting period for each of the above outstanding options is from its date of grant up to and including the date immediately preceding the commencement of its exercisable period.

Both the closing prices of the shares of the Company on 21 July 2009 (the immediate preceding date of granting the options on 22 July 2009) and 22 July 2009 (the immediate preceding date of granting the options on 23 July 2009) were HK\$0.65 per share. Subsequent to the adjustment of the share prices for the rights issue of the Company in November 2009, the closing prices of the Company on 21 July 2009 and 22 July 2009 were adjusted to HK\$0.95 per share.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the six months ended 31 December 2010 with the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules, except for deviation from code provision A.4.1 of the CG Code.

Under the CG Code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. None of the existing non-executive directors of the Company are appointed for a specific term but are subject to retirement by rotation at least once every three years at the Company's annual general meeting in accordance with the provisions of the bye-laws of the Company. The Board believes that such practice will offer stability at the Board level while at the same time, independence is safeguarded by the necessary rotation, retirement and re-election procedures which involves shareholders' approval. As such, the Board considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the Model Code contained in Appendix 10 of the Listing Rules (as amended from time to time by the Stock Exchange) as its own code of conduct regarding directors' and relevant employees' securities transactions. Having made specific enquiry of all the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings set out in the Model Code throughout the six months ended 31 December 2010.

CHANGE IN INFORMATION OF DIRECTOR

During the period, Mr. Wong Hau Yan, Helvin, an executive Director, was also appointed as the company secretary of the Company in October 2010.

Save as disclosed above, there is no other change of directors' biographical details since the date of the 2009/10 annual report of the Company which required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Ms. Hui Wai Man, Shirley (Chairman), Mr. Tso Hon Sai, Bosco and Mr. Tang Yiu Wing. The Audit Committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 31 December 2010.

On behalf of the Board

Goldin Financial Holdings Limited

Pan Sutong

Chairman

Hong Kong, 21 February 2011