



GOLDIN FINANCIAL HOLDINGS LIMITED

高銀金融(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 530)



2014/15

Interim Report

* for identification purposes only

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Pan Sutong (*Chairman*)

Mr. Wong Hau Yan, Helvin

Mr. Lee Chi Chung, Harvey

Professor Huang Xiaojian

Mr. Zhou Dengchao

Ms. Hou Qin

Independent Non-Executive Directors

Ms. Hui Wai Man, Shirley

Mr. Tang Yiu Wing

Ms. Gao Min

Board Committees

Audit Committee

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

Mr. Tang Yiu Wing

Ms. Gao Min

Remuneration Committee

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

Ms. Hui Wai Man, Shirley

Ms. Gao Min

Nomination Committee

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

Ms. Hui Wai Man, Shirley

Ms. Gao Min

Corporate Governance Committee

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

Mr. Wong Hau Yan, Helvin

Mr. Zhou Dengchao

Company Secretary

Ms. Lun Hau Mun

CORPORATE INFORMATION (CONTINUED)

Principal Bankers

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

Auditors

Ernst & Young

Share Registrar and Transfer Offices

Principal:

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

Hong Kong Branch:

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Hong Kong Principal Place of Business

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

Stock Code

530

Website

www.goldinfinancial.com

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors ("Directors"), I hereby present to the shareholders the interim results of Goldin Financial Holdings Limited ("Goldin Financial" or the "Company") and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Market Accreditation

Goldin Financial became a constituent of the Hang Seng Composite MidCap Index in September 2014. As a result, we are now covered by the Shanghai-Hong Kong Stock Connect. Following its launch in November 2014, our shares are tradable under the Southbound Trading Link. It is an impressive recognition in the capital market which marked a notable enhancement of Goldin Financial's reputation in both the People's Republic of China ("the PRC", "China" or "Mainland China") and Hong Kong and the boosting of investors' confidence in our business. It has further affirmed to the shareholders of the Company that our growing capital value remains on-track for the successful long-term development of the Group.

Results

During the six months ended 31 December 2014 ("the first half of FY2015" or "the period under review"), the Group recorded revenue of approximately HK\$263.8 million, representing a 55.5% rise over the revenue of approximately HK\$169.6 million for the same period in the previous financial year ("FY2014"). Such rise was mainly due to the increased revenues generated by our factoring and wine trading operations. Profit attributable to owners of the Company was approximately HK\$850.1 million, which represented a 128.3% increase when benchmarked against the figure of approximately HK\$372.4 million for FY2014. The increased figure for the period was mainly because a substantial increase in the fair value was recorded for our investment property under development, the Goldin Financial Global Centre, compared with last year, as well as the increase in income generated by our factoring business. As a result, basic and diluted earnings per share for the period under review have reached HK12.18 cents and HK12.05 cents (FY2014: HK5.34 cents and HK5.32 cents) respectively, represent an increase of 128.1% and 126.5%.

CHAIRMAN'S STATEMENT (CONTINUED)

Business Review

During the first half of FY2015, Goldin Financial once again reiterated its sharp focus on the development of its three main business segments – factoring, wine and property – recording satisfactory progress across all three areas.

Factoring

China has now firmly established itself as the world's second-largest economy. The country's GDP growth for 2014 remained strong at 7.4% and is projected to moderate to a more sustainable rate of 6.8% in 2015[#]. Meanwhile, the statistics of the China Banking Association's Factoring Business Committee for 2013 showed that the PRC's total factoring volumes stood at over USD500 billion – an increase of 15% over the previous year.

[#] *Source:* World Economic Outlook by International Monetary Fund (January 2015)

Benchmarked against this backdrop, the first half of FY2015 saw our factoring business post satisfactory results and recorded revenue of approximately HK\$120.6 million (FY2014: HK\$61.3 million). This figure represented a remarkable increase of 96.8% over FY2014. Profit from this segment was approximately HK\$97.4 million – a rise of 159.6% over the HK\$37.5 million figure for FY2014.

During the period under review, our factoring unit has succeeded in diversifying into new international refactoring business – the re-assignment of receivables acquired from our factoring clients to another commercial factor. As a result, we are now expanding our factoring business while leveraging on the capital of other commercial factors, thus generating higher turnovers whilst enhancing risk management.

Supported by the PRC government policies aimed at facilitating the development of the country's commercial factoring market, the growth of our factoring arm, Goldin Factoring (China) Development Limited (“Goldin Factoring”), continues to demonstrate an encouragingly upwards momentum. We confidently envisage Goldin Factoring will maintain its competitiveness via its continual expansion in the PRC's factoring industry. Building on the advantages through business integration, Goldin Factoring will carry on exploring potential new ventures that promise fresh revenue streams for the Group.

CHAIRMAN'S STATEMENT (CONTINUED)

Wine

China's eager embracing of wine culture is going with the rapid advances in domestic production and consumption. With the country's wine lovers having consumed around 155 million 9-litre cases of red wine in 2013[#], China including Hong Kong now dominates the world's red wine market. The consumption is forecast to maintain a steady growth. In order to tap into this vast potential market, we are continuing to develop our winery and wine-related businesses and further enhancing our global marketing strategies.

Source: VINEXPO* market study

During the period under review, the Group recorded revenue of approximately HK\$143.2 million (FY2014: HK\$108.4 million). This figure represented an increase of 32.1% over FY2014. Segment profit from our wine business was approximately HK\$60.8 million (FY2014: HK\$68.8 million), a fall of 11.6% over the FY2014. This slight contraction was mainly due to the increase in the operating expenses for the wine segment comparing to the same period of FY2014.

The first half of FY2015 also saw us maintain our unwavering focus on the top fine wine market by concentrating on the healthy growth of the PRC's wine lovers and collectors. We continued to extend our portfolio of premium wines by a wider variety of top brands. Our ultimate aim is to build up the largest stocks and offer the best fine wines across the Greater China region.

To this end, we have focused squarely on the planning and development of a complete supply chain for our wine business. We are also embarking on the establishment of an enhanced logistics system to streamline the direct-to-customer sales process via meticulous control and dedicated sales services, starting from direct sourcing from chateaux/negociants to the eventual quality guaranteed after-sales support.

Meanwhile, we are diversifying our wine-related business to focus on new media and publishing initiatives targeted at the wine market. We are also striving to develop services related to fine wine culture: wine education, wine and food pairings and guided discovery tours to renowned wine producing regions such as Bordeaux and Napa Valley, etc.

CHAIRMAN'S STATEMENT (CONTINUED)

Property

The Kowloon East central business district 2 ("CBD2") project is one of the major policies focus in the HKSAR Government's future development strategy. The project aimed at revitalizing the Kowloon East area which comprises the former Kai Tak airport, Kwun Tong and Kowloon Bay. Initiatives include the "Energizing Kowloon East" to transforming the area from formerly industrial zones into a new CBD2 and the "Kai Tak Fantasy" to developing a world-class tourism, entertainment and leisure attraction.

Further infrastructure work will enhance Kowloon East so as to distinguish the district's unique image from the traditional CBD along the Victoria Harbour waterfront. Other key initiatives proposed include: (1) an integrated multi-modal connection network with an environmentally friendly linkage system ("EFLS") at the heart of Kowloon East. Linking the existing Mass Transit Railway and Kwun Tong and Kowloon Bay business areas with the future Shatin to Central Link, the new facility will measurably strengthen Kowloon East's inter- and intra-regional connectivity; (2) the accelerating of Kowloon East's transformation into an energized Green CBD via the promoting of innovative, low-carbon design with green features; and (3) the developing of Kowloon East as a pilot 'Smart City'. All these developments should help cement Kowloon East's status as a more mature CBD and high-density activity hub in the medium- to long-term.

The stimulus brought about by the Shanghai-Hong Kong Stock Connect coupled with the removal of conversion limits on RMB for Hong Kong residents have boosted investors' confidence in the flourishing property market of Hong Kong. This is particularly true of Kowloon East. A recent notable transaction saw The Link REIT and property developer Nan Fung jointly acquired a site in Kowloon East for a district record bit price following a closely fought government tender. The developer now plans to construct two Grade-A office towers with retail elements and car parks on the site. The record transaction further underlines the market's positivity regarding this vibrant corner of Hong Kong. Fuelled by a fairly stable economic environment which remains conducive to growth, still more rises in capital appreciation seem likely in the coming year.

CHAIRMAN'S STATEMENT (CONTINUED)

Property (Continued)

The development of our Goldin Financial Global Centre ("the Development") remains on schedule for opening by first quarter in 2016. The construction of main structure for the Development is progressing well. Thus far, the Development has been precertified at the platinum level under the LEED program of the U.S. Green Building Council and awarded a provisional gold rating from HK BEAM Plus by the Hong Kong Green Building Council. It has also been named as one of just a handful of key Green Buildings in the Green Map launched by the Energizing Kowloon East Office. Covering a gross floor area of 79,200 sq. m., the Development's 27 floors and three basement levels of premium grade office space are sure to prove an outstanding landmark for the international tenants seeking A-grade office space upon the property's opening.

In the first half of FY2015, the Group recorded a fair value increase of approximately HK\$1,395.7 million (FY2014: HK\$506.8 million) in respect of the Development.

Financial Review

Liquidity, Financial Resources and Gearing

As of 31 December 2014, the Group's working capital stood at approximately HK\$4,148.3 million, an increase of 1.7% over the HK\$4,077.5 million figure recorded on 30 June 2014. Cash and cash equivalents at the end of the period under review totalled approximately HK\$251.3 million compared with HK\$678.4 million on 30 June 2014. This decrease was mainly due to cash influxes into the Group's factoring and the wine operations during the current period.

By the end of the first half of FY2015, the Group had outstanding bank loans of approximately HK\$733.0 million (30 June 2014: HK\$516.4 million). The loan drawdown during the period was mainly for financing the construction costs of our Goldin Financial Global Centre. The gearing ratio of total borrowings divided by total equities stood at approximately 5.9% (30 June 2014: 4.7%). The Group also maintained a borrowing facility of US\$300 million (equivalent to HK\$2,327 million) from its parent company, Goldin Global Holdings Limited. None of this sum had been utilized as of 30 June or 31 December 2014.

CHAIRMAN'S STATEMENT (CONTINUED)

Foreign Exchange

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

Contingent Liabilities

As of 31 December 2014, a banking facility granted to a property investment subsidiary, which is subject to guarantees given to the bank by the Company for up to 60% of funds drawn down, had been utilized to the extent of HK\$439.2 million (30 June 2014: HK\$309.2 million).

Pledge Of Assets

At 31 December 2014, the Group's investment property under development with a carrying value of HK\$8,650 million (30 June 2014: HK\$7,000 million) and the entire share capital of Smart Edge Limited, a 60% owned subsidiary which holds the investment property under development were pledged to secure banking facilities granted to the Group.

Prospects

Factoring

Given ongoing global market uncertainty and accompanying regional economic sluggishness, the PRC's economy will almost certainly continue to be buffeted by headwinds in the coming year. On a more optimistic note, the PRC State Council has stated that China's factoring industry is still far from reaching full maturity. As such, the PRC factoring industry promises huge growth potential and business opportunities for the Group in the coming years.

Weighing the ample opportunities offered by the PRC market against worldwide challenges, we will continue to maintain our prudent risk management and client selection strategies across all fronts. To this end, we are striving to nurture Goldin Factoring's emerging international refactoring business and to explore additional capital-efficient factoring products in tandem with other commercial factors/financial institutions, and may consider further expand our capital base in Goldin Factoring. Our key objective remains to further solidifying and expansion of our factoring business's market position.

CHAIRMAN'S STATEMENT (CONTINUED)

Wine

China's growing wine market means there remains huge and potentially very lucrative opportunities for our business in this area. To this end, we are currently evaluating the establishment of an exclusive membership club offering a full spectrum service for wine lovers – from careful selection and storage in bonded private VIP cellars to expert portfolio management of their wines.

In order to broaden our market penetration of the wine market, we will continue to consolidate and upgrade our wine operations across multiple channels. As a result, we are now working hard to strengthen our consumer-sales capability. Possible further initiatives in this area include the organizing of education forums focused on wine-related interests and the setting-up of a sophisticated cellar management platform.

In moving forwards, we will also continue to search for any suitable acquisitions and opportunities around the world and across the wine supply chain, further adding to our production, storage and distribution capabilities in the process.

Property

Coupled with Hong Kong's chronic shortage of top quality office space, large corporations' growing desire to decentralize their office location and several high-profile government departments' proposed move to the district, Kowloon East remains perfectly placed to deliver on its mid- to long-term promise of becoming a thriving commercial and administrative hub. As a result, the area already looks well on the way to establishing itself as an emerging CBD with a strong take-up rate just behind Central.

Following the implementation of the Shanghai-Hong Kong Stock Connect scheme in November 2014, the PRC government announced its intention to extend the scheme to cover Shenzhen within the coming year. Thus, leading firms from Mainland China's financial sector are likely to continue to expand into Hong Kong in order to leverage on opportunities derived from the new scheme. It seems highly likely that the demand for Grade A office spaces across Hong Kong's financial and banking sectors will rise steadily in the years ahead.

We remain confident that the Goldin Financial Global Centre will continue to deliver excellent potential for investment and tenancy incomes and so bolster our assets base, which is sure to sustaining our real estate business segment's promising future value and prospects.

CHAIRMAN'S STATEMENT (CONTINUED)

Overall

Going forwards into the second half of FY2015 and beyond, Goldin Financial will continue its search for investment targets and/or potential new business opportunities. As mentioned in the Company's announcement dated 14 January 2015, the Group, with the assistance of financial advisers, has been conducting a strategic review on the present structure, including but not limited to acquisitions/disposal policies of the Group, and a preliminary report has been delivered to the Board for its consideration. Key visions include to further enhance Goldin Financial's lifestyle business and appropriate acquisitions and methods of funding may form part of this vision. At the present time, the management is gathering further information to consider the feasibility of acquiring certain wine related business/assets from the controlling shareholder, Mr. Pan Sutong and/or third parties but no concrete proposals have been formulated by the Group. We strive to build up Goldin Financial a premier league player in the Goldin Group and maximize returns to our shareholders.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our management and all colleagues for their valuable contribution to the Group. Moreover, I would also like to express appreciation to our valued shareholders, customers and business partners who have stood by the Group.

On behalf of the Board
Goldin Financial Holdings Limited
Pan Sutong
Chairman

Hong Kong, 27 February 2015

OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2014 (2013: Nil).

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

As at 31 December 2014, the interests and short positions of the Directors and chief executives of the Company in the shares ("Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Directors	Notes	Number of Shares held		Number of underlying Shares	Total (Long Position)	% of total issued share capital*
		Personal Interests	Corporate interests			
Mr. Pan Sutong ("Mr. Pan")	1	190,345,000	4,716,995,634	—	4,907,340,634	70.29%
Mr. Wong Hau Yan, Helvin	2	800,000 —	—	— 5,000,000	5,800,000	0.08%
Mr. Lee Chi Chung, Harvey	2	—	—	3,000,000	3,000,000	0.04%
Professor Huang Xiaojian	2	—	—	3,000,000	3,000,000	0.04%
Mr. Zhou Dengchao	2	1,000,000 —	—	— 6,000,000	7,000,000	0.10%
Ms. Hou Qin	2	1,560,000 —	—	— 6,000,000	7,560,000	0.11%

* The percentage has been calculated based on 6,981,431,992 Shares in issue as at 31 December 2014.

OTHER INFORMATION (CONTINUED)

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

Notes:

1. The 4,716,995,634 Shares held by Mr. Pan through controlled corporations included:
 - (a) Goldin Real Estate Financial Holdings Limited ("Goldin Real Estate Financial") is deemed to be interested in 4,673,605,634 Shares, of which as to 4,473,545,636 Shares held by Goldin Global Holdings Limited and as to 200,059,998 Shares held by Goldin Equities Limited respectively. Both Goldin Global Holdings Limited and Goldin Equities Limited are indirect wholly-owned subsidiaries of Goldin Real Estate Financial. Goldin Real Estate Financial is wholly owned by Mr. Pan.
 - (b) 43,390,000 Shares held by Clear Jade International Limited which is wholly owned by Mr. Pan.
2. The underlying Shares are the share options granted by the Company to the respective Directors, details of which are disclosed in the section headed "Share Option Schemes" below.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2014, 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 2014, 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 share capital*
Goldin Global Holdings Limited	1	Beneficial owner	4,473,545,636	4,473,545,636	64.08%
Mr. Pan Sutong	2	Interests held as beneficial owner and through controlled corporations	4,907,340,634	4,907,340,634	70.29%

* The percentage has been calculated based on 6,981,431,992 Shares in issue as at 31 December 2014.

Notes:

1. Goldin Global Holdings Limited is a wholly-owned subsidiary of Goldin Investment Holdings Limited, which is, in turn, a 100% owned subsidiary of Goldin Real Estate Financial. Goldin Real Estate Financial is wholly owned by Mr. Pan.
2. The 4,716,995,634 Shares held by Mr. Pan through controlled corporations are as follows:
 - (i) Goldin Real Estate Financial is deemed to be interested in a total of 4,673,605,634 Shares, as to which 4,473,545,636 Shares held by Goldin Global Holdings Limited (as disclosed in Note 1 above) and 200,059,998 Shares held by Goldin Equities Limited respectively.

Goldin Equities Limited is wholly owned by Goldin Investment Advisers Limited, which is, in turn, a 100% owned subsidiary of Goldin Financial Investment Limited. Goldin Financial Investment Limited is a wholly-owned subsidiary of Goldin Real Estate Financial.
 - (ii) 43,390,000 Shares held by Clear Jade International Limited which is wholly owned by Mr. Pan.

Save as disclosed above, as at 31 December 2014, 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.

OTHER INFORMATION (CONTINUED)

Share Option Schemes

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

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

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

OTHER INFORMATION (CONTINUED)

Share Option Schemes (continued)

Details of movements in the share options granted under the share option schemes of the Company during the six months ended 31 December 2014 are set out below:

(1) 2004 Scheme

Name or category of participants	Date of grant	Exercise price per Share (HK\$)	Number of share options				At 31 December 2014	Exercisable period
			As at 1 July 2014	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period		
Directors								
Mr. Wong Hau Yan, Helvin	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2011 to 21/07/2019
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2012 to 21/07/2019
Mr. Zhou Dengchao	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2010 to 21/07/2019
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2011 to 21/07/2019
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2012 to 21/07/2019
Ms. Hou Qin	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2010 to 21/07/2019
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2011 to 21/07/2019
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2012 to 21/07/2019
			8,000,000	—	—	—	8,000,000	
Employees and others in aggregate (including directors of certain subsidiaries)								
	22/07/2009	0.654	3,000,000	—	—	—	3,000,000	22/07/2009 to 21/07/2019
	22/07/2009	0.654	1,000,000	—	—	1,000,000	—	22/01/2010 to 21/07/2019
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2011 to 21/07/2009
	22/07/2009	0.654	1,000,000	—	—	—	1,000,000	22/01/2012 to 21/07/2019
	23/07/2009	0.652	6,060,000	—	—	150,000	5,910,000	23/01/2010 to 22/07/2019
	23/07/2009	0.652	6,360,000	—	—	450,000	5,910,000	23/01/2011 to 22/07/2019
	23/07/2009	0.652	8,480,000	—	—	200,000	8,280,000	23/01/2012 to 22/07/2019
			26,900,000	—	—	1,800,000	25,100,000	
TOTAL			34,900,000	—	—	1,800,000	33,100,000	

Note:

The weighted average closing price of the Shares traded on the Stock Exchange immediately before the dates on which the share options were exercised is approximately HK\$4.839.

OTHER INFORMATION (CONTINUED)

Share Option Schemes (continued)

(2) 2013 Scheme

Name or category of participants	Date of grant	Exercise price per Share (HK\$)	Number of share options				At 31 December 2014	Exercisable period
			As at 1 July 2014	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period		
Directors								
Mr. Wong Hau Yan, Helvin	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2015 to 17/07/2024
	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2016 to 17/07/2024
	18/07/2014	3.098	—	1,200,000	—	—	1,200,000	18/07/2017 to 17/07/2024
Mr. Lee Chi Chung, Harvey	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2015 to 17/07/2024
	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2016 to 17/07/2024
	18/07/2014	3.098	—	1,200,000	—	—	1,200,000	18/07/2017 to 17/07/2024
Professor Huang Xiaojian	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2015 to 17/07/2024
	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2016 to 17/07/2024
	18/07/2014	3.098	—	1,200,000	—	—	1,200,000	18/07/2017 to 17/07/2024
Mr. Zhou Dengchao	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2015 to 17/07/2024
	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2016 to 17/07/2024
	18/07/2014	3.098	—	1,200,000	—	—	1,200,000	18/07/2017 to 17/07/2024
Ms. Hou Qin	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2015 to 17/07/2024
	18/07/2014	3.098	—	900,000	—	—	900,000	18/07/2016 to 17/07/2024
	18/07/2014	3.098	—	1,200,000	—	—	1,200,000	18/07/2017 to 17/07/2024
			—	15,000,000	—	—	15,000,000	
Associate of a Director and substantial shareholder of the Company								
Ms. Pan Jenny Jing	18/07/2014	3.098	—	450,000	—	—	450,000	18/07/2015 to 17/07/2024
	18/07/2014	3.098	—	450,000	—	—	450,000	18/07/2016 to 17/07/2024
	18/07/2014	3.098	—	600,000	—	—	600,000	18/07/2017 to 17/07/2024
			—	1,500,000	—	—	1,500,000	

OTHER INFORMATION (CONTINUED)

Share Option Schemes (continued)

(2) 2013 Scheme (continued)

Name or category of participants	Date of grant	Exercise price per Share (HK\$)	Number of share options				At 31 December 2014	Exercisable period
			As at 1 July 2014	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period		
Employees and others in aggregate (including directors of certain subsidiaries)	18/07/2014	3.098	—	36,615,000	—	—	36,615,000	18/07/2015 to 17/07/2024
	18/07/2014	3.098	—	36,615,000	—	—	36,615,000	18/07/2016 to 17/07/2024
	18/07/2014	3.098	—	48,820,000	—	—	48,820,000	18/07/2017 to 17/07/2024
			—	122,050,000	—	—	122,050,000	
TOTAL			—	138,550,000	—	—	138,550,000	

Notes:

- The share options granted on 18 July 2014 (the "Date of Grant") are subject to a vesting period of 3 years starting from the 1st anniversary and becoming fully vested on the 3rd anniversary of the Date of Grant, and only exercisable upon vested and subject to the satisfactory performance/contribution of the grantees as may be determined by the Board.
- The closing price of the Shares traded on the Stock Exchange immediately before the Date of Grant was HK\$3.110.

OTHER INFORMATION (CONTINUED)

Directors' Rights to Acquire Shares or Debentures

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

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

Specific Performance Obligations on Controlling Shareholder

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

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

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

OTHER INFORMATION (CONTINUED)

Code on Corporate Governance Practices

Throughout the six months ended 31 December 2014, the Company has complied with all the code provisions (“Code Provisions”) of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the deviations with considered reason as explained below.

Paragraph A.4.1 of the Code Provisions stipulated that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the Company’s annual general meeting in accordance with the provisions of the bye-laws of the Company. The Board believes that such practice would offer stability at the Board level whilst independence is safeguarded by the statutory provisions by way of rotation, retirement and re-election subject to the shareholders’ approval. Thus, the Board considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the Corporate Governance Code.

Paragraph E.1.2 of the Code Provisions stipulated that chairman of the board should attend the annual general meeting. Due to other business engagements, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 20 November 2014. There were other executive Directors and the independent non-executive Directors present at the meeting for the question-and-answer session to ensure effective communication with the shareholders.

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 2014.

OTHER INFORMATION (CONTINUED)

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

During the six months ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Human Resources

As at 31 December 2014, the Group had about 116 employees (2013: 84). Total staff costs for the six months ended 31 December 2014 were approximately HK\$81.3 million (2013: HK\$19.1 million). The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund and share options to motivate and reward employees at all levels to achieve the Group's business performance targets.

Review by Audit Committee

The Audit Committee of the Company, comprising Ms. Hui Wai Man, Shirley as chairman as well as Mr. Tang Yiu Wing and Ms. Gao Min as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 31 December 2014.

Change in Information of the Directors

Pursuant to Rule 13.51(B)(1) of the Listing Rules, changes in information of the Directors since the date of the Company's Annual Report 2013/14 are set out below:

Mr. Pan Sutong has been re-designated from non-executive Director to executive Director with effect from 14 November 2014, and he remains the Chairman of the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2014

	Notes	Six months ended 31 December	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	4	263,786	169,649
Cost of sales		(72,296)	(33,395)
Gross profit		191,490	136,254
Other income	4	3,584	11,434
Other losses	5	(31,053)	(3,431)
Increase in fair value of investment property	11	1,395,688	506,786
Selling and distribution expenses		(1,488)	(868)
Administrative expenses		(134,929)	(67,700)
Finance costs	6	(27)	(16)
Profit before tax	7	1,423,265	582,459
Income tax expenses	8	(18,908)	(11,248)
Profit for the period		1,404,357	571,211
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods:			
Exchange differences on translation of foreign operations		(4,018)	3,982
Total comprehensive income for the period		1,400,339	575,193

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

For the six months ended 31 December 2014

		Six months ended 31 December	
Note	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	
Profit for the period attributable to:			
	850,107	372,414	
Owners of the Company			
	554,250	198,797	
Non-controlling interests			
	1,404,357	571,211	
Total comprehensive income attributable to:			
	846,089	376,255	
Owners of the Company			
	554,250	198,938	
Non-controlling interests			
	1,400,339	575,193	
Earnings per share attributable to owners of the Company			
	10		
Basic			
– For profit for the period	HK12.18 cents	HK5.34 cents	
Diluted			
– For profit for the period	HK12.05 cents	HK5.32 cents	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		372,127	391,712
Investment property	11	8,650,000	7,000,000
Intangible assets		98,971	101,404
Vines		7,115	11,536
Total non-current assets		9,128,213	7,504,652
CURRENT ASSETS			
Inventories		481,255	472,385
Trade receivables	12	3,995,284	3,423,736
Prepayments, deposits and other receivables		256,611	188,454
Cash and cash equivalents		251,266	678,424
Total current assets		4,984,416	4,762,999
CURRENT LIABILITIES			
Trade payables	13	621,915	492,317
Accruals, other payables and receipts in advance		174,513	154,955
Tax payable		39,510	38,077
Interest-bearing bank borrowings	14	176	192
Total current liabilities		836,114	685,541
NET CURRENT ASSETS		4,148,302	4,077,458
TOTAL ASSETS LESS CURRENT LIABILITIES		13,276,515	11,582,110

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

At 31 December 2014

	Notes	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	732,775	516,195
Derivative financial instrument		40,370	9,317
Deferred tax liabilities		21,829	24,438
Total non-current liabilities		794,974	549,950
Net assets		12,481,541	11,032,160
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	698,143	697,963
Reserves		8,683,817	7,788,866
Non-controlling interests	18(b)(iii)	9,381,960 3,099,581	8,486,829 2,545,331
Total equity		12,481,541	11,032,160

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2014

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 July 2014 (audited)	697,963	6,348,085	(33,461)	(19,035)	8,715	1,484,562	8,486,829	2,545,331	11,032,160
Profit for the period	-	-	-	-	-	850,107	850,107	554,250	1,404,357
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	(4,018)	-	-	(4,018)	-	(4,018)
Total comprehensive income for the period	-	-	-	(4,018)	-	850,107	846,089	554,250	1,400,339
Equity-settled share option arrangements	-	-	-	-	47,870	-	47,870	-	47,870
Issue of shares upon exercise of share options, net of expenses	180	1,442	-	-	(450)	-	1,172	-	1,172
At 31 December 2014 (unaudited)	698,143	6,349,527	(33,461)	(23,053)	56,135	2,334,669	9,381,960	3,099,581	12,481,541
At 1 July 2013 (audited)	697,499	6,344,465	(34,316)	(288)	9,783	750,736	7,767,879	2,161,104	9,928,983
Profit for the period	-	-	-	-	-	372,414	372,414	198,797	571,211
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	3,841	-	-	3,841	141	3,982
Total comprehensive income for the period	-	-	-	3,841	-	372,414	376,255	198,938	575,193
Issue of shares upon exercise of share options, net of expenses	50	384	-	-	(108)	-	326	-	326
At 31 December 2013 (unaudited)	697,549	6,344,849	(34,316)	3,553	9,675	1,123,150	8,144,460	2,360,042	10,504,502

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2014

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Net cash flows used in operating activities	(432,536)	(1,606,999)
Net cash flows from investing activities		
Purchase of items of plant and equipment	(1,510)	(1,853)
Increase in investment property	(205,912)	(45,392)
Addition to vines	(3,185)	(2,852)
Proceeds from disposal of items of plant and equipment	–	2,288
Repayment of loan receivables	–	21,850
Interests received	438	5,392
	(210,169)	(20,567)
Net cash flows from financing activities		
Proceed from bank borrowings	205,900	44,498
Proceeds from issue of shares, net of expenses	1,172	326
Repayment of bank borrowings	(132)	–
Interest and other finance charges paid	(2,471)	(2,424)
	204,469	42,400
Net decrease in cash and cash equivalents	(438,236)	(1,585,166)
Cash and cash equivalents at beginning of the period	678,424	2,483,872
Effect of foreign exchange rate changes, net	11,078	(5,095)
Cash and cash equivalents at end of the period, represented by cash and bank balances	251,266	893,611

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2014

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 2014.

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 2014, except for the adoption of the following new and 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 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 19 Amendments	Amendments to HKAS 19 <i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21 <i>Annual Improvements 2010-2012 Cycle</i>	<i>Levies</i> Amendments to HKFRSs issued in January 2014

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

3. Operating 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:

- (a) the factoring segment engages in the provision of factoring services;
- (b) the financial investment segment engages in financial investments and related activities;
- (c) the winery and wine trading segment engages in the investments and trading of wines and operation of vineyards; and
- (d) the property segment engages in property development and investment.

The following tables present revenue and profit information for the Group's business segments for the six months ended 31 December 2014 and 31 December 2013 respectively.

For the six months ended 31 December 2014

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

3. Operating Segment Information (Continued)

For the six months ended 31 December 2013

	Factoring HK\$'000 (Unaudited)	Financial investments HK\$'000 (Unaudited)	Winery and wine trading HK\$'000 (Unaudited)	Property HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue:					
Sales to external customers	61,271	-	108,378	-	169,649
Segment results:	37,513	6,501	68,805	503,809	616,628
<i>Reconciliations</i>					
Unallocated other income					954
Corporate administrative expenses					(35,107)
Finance costs					(16)
Profit before tax					582,459

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

4. Revenue and Other Income

An analysis of revenue and other income is as follows:

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue		
Handling fee income and interest income from factoring services	120,571	61,271
Sales of wine	143,215	108,378
	263,786	169,649
Other income		
Bank interest income	438	954
Interest income on a convertible bond	–	7,038
Government grant	2,993	3,442
Others	153	–
	3,584	11,434

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

5. Other Losses

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Fair value loss on a conversion option derivative	–	531
Fair value loss on a derivative financial instrument	31,053	2,900
	31,053	3,431

6. Finance Costs

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Interests on:		
Bank borrowings wholly repayable within five years	13,986	8,461
Less: Amount capitalised in an investment property under construction (Note 11)	(13,959)	(8,445)
	27	16

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

7. Profit Before Tax

Profit before tax has been arrived at after charging:

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	8,196	9,056
Less: Amount included in inventory overheads	(2,346)	(2,190)
	5,850	6,866
Amortisation of intangible assets	454	454
Foreign exchange differences, net	7,398	1,178

8. Income Tax Expenses

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Current – Hong Kong Charge for the period	9,000	10,084
Current – Elsewhere Charge for the period	9,908	1,164
Tax charge for the period	18,908	11,248

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

9. Dividend

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2014 (2013: Nil).

10. Earnings Per Share

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

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	850,107	372,414
	Number of shares Six months ended 31 December	
	2014 '000	2013 '000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	6,980,440	6,975,090
Effect of dilution – weighted average number of ordinary shares:		
Share options	76,386	27,345
	7,056,826	7,002,435

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

11. Investment Property

	HK\$'000
At 1 July 2013 (audited)	5,700,000
Construction costs incurred	299,416
Finance costs capitalised	18,629
Change in fair value	981,955
At 30 June 2014 and 1 July 2014 (audited)	7,000,000
Construction costs incurred	240,353
Finance costs capitalised (Note 6)	13,959
Change in fair value	1,395,688
At 31 December 2014 (unaudited)	8,650,000

The Group's property interest held under an operating lease to earn rental purpose is measured using the fair value model and is classified and accounted for as investment property. The Group's investment property is situated in Hong Kong, held under a medium-term lease, and is under construction.

At 31 December 2014 and 30 June 2014, the Group's investment property under development stated at fair value was revalued by Savills Valuation and Professional Services Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis.

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

At 31 December 2014, the Group's investment property with a carrying value of HK\$8,650,000,000 (30 June 2014: HK\$7,000,000,000) was pledged to secure banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

12. Trade Receivables

The Group allows a credit period of 120 to 150 days for factoring services and 14 to 60 days for wine trading. The following is an aged analysis of trade receivables, presented based on the invoice date:

	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
0 to 120 days	2,498,875	3,047,490
121 to 150 days	958,039	376,029
151 to 365 days	538,337	190
Over 1 year	33	27
	3,995,284	3,423,736

13. Trade Payables

The following is an aged analysis of trade payables, presented based on the invoice date:

	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
0 to 120 days	397,210	436,458
121 to 150 days	144,409	55,859
151 to 365 days	80,296	–
	621,915	492,317

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

14. Interest-Bearing Bank Borrowings

	31 December 2014			30 June 2014		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
Secured bank loan (Note a)	1 month HIBOR + 3.4%	2016	732,081	1 month HIBOR +3.4%	2016	515,273
Unsecured bank loans (Note b)	2.55% – 4.6%	2019	870	2.55% – 4.6%	2019	1,114
			732,951			516,387
Analysed into bank loans repayable:						
Within one year or on demand			176			192
In the second year			732,263			200
In the third to fifth years, inclusive			512			515,896
Beyond five years			–			99
			732,951			516,387
Less: Amounts due within one year shown under current liabilities			(176)			(192)
Amounts shown under non-current liabilities			732,775			516,195

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

14. Interest-Bearing Bank Borrowings (continued)

Notes:

- (a) The bank facility in the amount of HK\$3,000,000,000 was granted by a bank to a 60% owned subsidiary, Smart Edge Limited ("Smart Edge"), which holds an investment property under development. Mr. Pan Sutong ("Mr. Pan"), a controlling shareholder of the Company, is beneficially interested in the remaining 40% of the issued share capital of Smart Edge.

The banking facility is secured by, among others, the following:

- (i) mortgage over the entire share capital of Smart Edge;
 - (ii) mortgage over the investment property under development with aggregate carrying value of HK\$8,650,000,000 at 31 December 2014 (Note 11);
 - (iii) a corporate guarantee given by the Company for an amount up to 60% of the outstanding bank borrowings; and
 - (iv) a personal guarantee given by Mr. Pan for an amount up to 40% of the outstanding bank borrowings.
- (b) The bank facilities amounting to HK\$870,000 (30 June 2014: HK\$1,114,000) had been utilised as at the end of the reporting period, of which HK\$448,000 (30 June 2014: HK\$555,000) is guaranteed by an outsider who is one of the beneficial shareholders of the former non-controlling interests. The carrying amounts of bank borrowings as at 31 December 2014 and 30 June 2014 are denominated in Euros.

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

For the six months ended 31 December 2014

15. Share Capital

Ordinary shares

	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Authorised: 11,000,000,000 (30 June 2014: 11,000,000,000) ordinary shares of HK\$0.10 each	1,100,000	1,100,000
Issued and fully paid: 6,981,431,992 (30 June 2014: 6,979,631,992) ordinary shares of HK\$0.10 each	698,143	697,963

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

	Number of shares in issue	Issued capital HK\$'000
At 1 July 2013 (audited)	6,974,991,992	697,499
Issue of shares upon exercise of share options	4,640,000	464
At 30 June 2014 and 1 July 2014 (audited)	6,979,631,992	697,963
Issue of shares upon exercise of share options (Note 16)	1,800,000	180
At 31 December 2014 (unaudited)	6,981,431,992	698,143

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

16. Share Option Schemes

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

The following share options were outstanding during the current period:

	Number of share options
2004 Scheme	
Outstanding at 1 July 2014	34,900,000
Granted during the period	–
Exercised during the period (Note a)	(1,800,000)
Outstanding at 31 December 2014	33,100,000
2013 Scheme	
Outstanding at 1 July 2014	–
Granted during the period (Note b)	138,550,000
Exercised during the period	–
Outstanding at 31 December 2014	138,550,000

Notes:

- (a) For the six months ended 31 December 2014, 1,800,000 (2013: 500,000) share options under the 2004 Scheme were exercised which resulted in the issue of 1,800,000 (2013: 500,000) ordinary shares of the Company and the new share capital of HK\$180,000 (2013: HK\$50,000) and share premium of approximately HK\$996,000 (2013: HK\$276,000) before issue expenses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

16. Share Option Schemes (Continued)

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

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

The fair value of the equity-settled share options granted during the period was HK\$186,307,000 of which the Group recognised a share option expense of HK\$47,870,000 for the period.

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

Dividend yield (%)	N/A
Expected volatility	48.25%
Risk-free interest rate	1.946%
Expected life of options (year)	3 years
Weighted average share price (HK\$ per share)	HK\$3.098

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

No option was lapsed during the six months ended 31 December 2014 and 31 December 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

17. Commitments

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

	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Contracted, but not provided for: Investment property	1,591,343	1,805,249
Authorised, but not contracted for: Investment property	186,375	212,822

18. Related Party Transactions

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

	Six months ended 31 December 2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Transactions with related companies in which a substantial shareholder of the Company has beneficial interests:		
Sales of wine	571	4,944
Project management fees paid	1,170	1,170
Interest income on a convertible bond	–	3,630
Handling fee income and interest income from factoring services	78,337	19,802

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

18. Related Party Transactions (Continued)

(b) Outstanding balances with related parties

- (i) The carrying amount of trade receivables at 31 December 2014 included an amount of HK\$33,664,000 (30 June 2014: HK\$14,644,000) due from related companies in which the substantial shareholder of the Company has beneficial interests.
- (ii) The carrying amount of trade payables at 31 December 2014 included an amount of HK\$447,513,000 (30 June 2014: HK\$396,457,000) due to a related company in which the substantial shareholder of the Company has beneficial interests.
- (iii) Non-controlling interests as at 31 December 2014 include a 40% (30 June 2014: 40%) equity interest in a subsidiary held by an entity beneficially owned by the substantial shareholder of the Company and loan therefrom in the amount of HK\$1,388,881,000 (30 June 2014: HK\$1,388,881,000).

(c) 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	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Short-term employee benefits	4,720	3,980
Equity-settled share option expenses	5,273	–
	9,993	3,980

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

19. Fair Value Measurements of Financial Instruments

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

	Carrying amounts		Fair values	
	31 December 2014 HK\$'000	30 June 2014 HK\$'000	31 December 2014 HK\$'000	30 June 2014 HK\$'000
Financial liabilities				
Derivative financial instrument	40,370	9,317	40,370	9,317

The Group did not have any financial assets measured at fair value as at 31 December 2014 and 30 June 2014.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in accruals, other payables and receipts in advance, and the current portion of interest-bearing bank borrowings approximate their carrying values largely due to the short term maturities of the 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 fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturity. The Group's own non-performance risk for bank borrowings as at 31 December 2014 was assessed to be insignificant.

The fair value of the derivative financial instrument was estimated by the binomial option pricing model. The models incorporate various inputs which have a significant effect on the recorded fair value are not based on observable market data. The Group's derivative financial instrument is categorised in level 3 of the fair value measurement as at 31 December 2014 and 30 June 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

19. Fair Value Measurements of Financial Instruments (Continued)

Liabilities measured at fair value:

	Quoted prices in active market (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
As at 31 December 2014				
Derivative financial instrument	-	-	40,370	40,370
As at 30 June 2014				
Derivative financial instrument	-	-	9,317	9,317

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

	HK\$'000
Derivative financial instrument:	
At 1 July 2014 (Audited)	9,317
Fair value loss recognised in profit or loss	31,053
At 31 December 2014 (Unaudited)	40,370

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).