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GOLDIN FINANCIAL HOLDINGS LIMITED

高銀金融（集團）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 530)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

Revenue for the six months ended 31 December 2017 amounted to HK\$372.9 million, an increase of 26.9% as compared with the corresponding period in 2016.

Gross profit for the six months ended 31 December 2017 amounted to HK\$269.5 million, an increase of 16.4% as compared with the corresponding period in 2016.

Earnings before interest expenses, tax, depreciation and amortisation for the six months ended 31 December 2017 amounted to HK\$1,679.2 million, an increase of 3.3% as compared with the corresponding period in 2016.

Profit attributable to owners of the Company for the six months ended 31 December 2017 amounted to HK\$996.0 million, an increase of 4.1% as compared with the corresponding period in 2016.

Basic earnings per share attributable to owners of the Company for the six months ended 31 December 2017 amounted to HK14.25 cents, an increase from HK13.69 cents for the corresponding period in 2016.

* for identification purposes only

The board (the “Board”) of directors (“Director(s)”) of Goldin Financial Holdings Limited (“Goldin Financial” or the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2017 together with comparative figures for the corresponding period in 2016 as follows:

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

Six months ended 31 December 2017

		Six months ended	
		31 December	
		2017	2016
	<i>Notes</i>	HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
			(Restated)
CONTINUING OPERATIONS			
Revenue	4	372,863	293,731
Cost of sales		<u>(103,364)</u>	<u>(62,110)</u>
Gross profit		269,499	231,621
Other income	4	1,191	220
Increase in fair value of investment property	11	1,488,379	1,494,906
Selling and distribution expenses		(3,671)	(4,578)
Administrative expenses		(109,966)	(136,379)
Finance costs	5	<u>(56,392)</u>	<u>(19,102)</u>
Profit before tax from continuing operations	6	1,589,040	1,566,688
Income tax expense	7	<u>(26,354)</u>	<u>(20,100)</u>
Profit for the period from continuing operations		1,562,686	1,546,588
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	8	<u>(227)</u>	<u>(5,839)</u>
Profit for the period		1,562,459	1,540,749
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>158,087</u>	<u>(191,902)</u>
Total comprehensive income for the period		<u>1,720,546</u>	<u>1,348,847</u>

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

Six months ended 31 December 2017

		Six months ended	
		31 December	
	<i>Note</i>	2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Profit for the period attributable to:			
Owners of the Company		995,966	956,804
Non-controlling interests		<u>566,493</u>	<u>583,945</u>
		<u>1,562,459</u>	<u>1,540,749</u>
Total comprehensive income attributable to:			
Owners of the Company		1,154,053	764,902
Non-controlling interests		<u>566,493</u>	<u>583,945</u>
		<u>1,720,546</u>	<u>1,348,847</u>
Earnings per share attributable to owners of			
the Company	<i>10</i>		
Basic			
– For profit for the period		<u>HK14.25 cents</u>	<u>HK13.69 cents</u>
– For profit from continuing operations		<u>HK14.25 cents</u>	<u>HK13.77 cents</u>
Diluted			
– For profit for the period		<u>HK14.15 cents</u>	<u>HK13.61 cents</u>
– For profit from continuing operations		<u>HK14.16 cents</u>	<u>HK13.69 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

		31 December 2017	30 June 2017
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		2,063,173	2,018,419
Investment property	11	16,800,000	15,300,000
Prepaid land lease payments		48,466	47,127
Deferred tax assets		15,155	15,155
Intangible assets		96,735	96,279
Vines		11,896	13,535
Deposits		<u>5,414</u>	<u>5,414</u>
 Total non-current assets		 <u>19,040,839</u>	 <u>17,495,929</u>
CURRENT ASSETS			
Inventories		293,317	339,545
Properties under development		13,506,684	13,138,517
Prepayments, deposits and other receivables		33,125	23,901
Trade receivables	12	3,782,582	4,386,039
Due from a related company		1,928	1,910
Cash and bank balances		<u>282,267</u>	<u>488,689</u>
 Total current assets		 <u>17,899,903</u>	 <u>18,378,601</u>
CURRENT LIABILITIES			
Trade payables	13	380,373	589,286
Accruals, other payables and receipts in advance		763,259	679,499
Due to related companies		1,185,151	1,192,857
Due to non-controlling shareholders		139,667	121,796
Due to the immediate holding company		221,059	570,435
Tax payable		89,266	82,306
Interest-bearing bank borrowings		3,148,782	3,144,118
Loan from a non-controlling shareholder		<u>518,296</u>	<u>–</u>
 Total current liabilities		 <u>6,445,853</u>	 <u>6,380,297</u>
 NET CURRENT ASSETS		 <u>11,454,050</u>	 <u>11,998,304</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		 <u>30,494,889</u>	 <u>29,494,233</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 31 December 2017

	31 December 2017 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	11,504,807	11,194,595
Loan from a related company	3,417	517,605
Loan from a non-controlling shareholder	–	518,296
Deferred tax liabilities	<u>21,701</u>	<u>20,656</u>
Total non-current liabilities	<u>11,529,925</u>	<u>12,251,152</u>
Net assets	<u>18,964,964</u>	<u>17,243,081</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	699,065	699,065
Reserves	<u>12,460,606</u>	<u>11,305,216</u>
	13,159,671	12,004,281
Non-controlling interests	<u>5,805,293</u>	<u>5,238,800</u>
Total equity	<u>18,964,964</u>	<u>17,243,081</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

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 2017.

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 2017, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are effective for the first time for the Group’s annual periods beginning on or after 1 July 2017.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements to HKFRSs 2014-2016 Cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

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

3. OPERATING SEGMENT INFORMATION

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

Continuing operations

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

Discontinued operation

- (e) the publication of a wine magazine which was previously included in the winery and wine related segment.

3. OPERATING SEGMENT INFORMATION *(Continued)*

The following tables present revenue and profit information for the Group's business segments from the continuing operations for the six months ended 31 December 2017 and 31 December 2016, respectively.

For the six months ended 31 December 2017

	Property <i>HK\$'000</i> (Unaudited)	Winery and wine related <i>HK\$'000</i> (Unaudited)	Factoring <i>HK\$'000</i> (Unaudited)	Financial investments <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment revenue:					
Sales to external customers from continuing operations	<u>29,081</u>	<u>260,396</u>	<u>83,386</u>	<u>–</u>	<u>372,863</u>
Segment results:	1,476,434	107,871	91,419	(604)	1,675,120
<i>Reconciliations:</i>					
Unallocated other income					56
Corporate administrative expenses					(29,744)
Finance costs					<u>(56,392)</u>
Profit before tax from continuing operations					<u><u>1,589,040</u></u>

For the six months ended 31 December 2016

	Property <i>HK\$'000</i> (Unaudited)	Winery and wine related <i>HK\$'000</i> (Unaudited) (Restated)	Factoring <i>HK\$'000</i> (Unaudited)	Financial investments <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited) (Restated)
Segment revenue:					
Sales to external customers from continuing operations	<u>4,094</u>	<u>193,262</u>	<u>96,375</u>	<u>–</u>	<u>293,731</u>
Segment results:	1,481,425	79,072	67,689	(868)	1,627,318
<i>Reconciliations:</i>					
Unallocated other income					12
Corporate administrative expenses					(41,540)
Finance costs					<u>(19,102)</u>
Profit before tax from continuing operations					<u><u>1,566,688</u></u>

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income from continuing operations is as follows:

	Six months ended 31 December	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Revenue		
Handling fee income and interest income from factoring services	83,386	96,375
Sales of wine	221,617	185,162
Storage fee income	8,179	4,472
Restaurant operations	30,600	3,628
Rental income	24,046	4,094
Property management fee income	5,035	—
	<u>372,863</u>	<u>293,731</u>
Other income		
Bank interest income	56	12
Others	1,135	208
	<u>1,191</u>	<u>220</u>

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Six months ended 31 December	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interests on bank and other borrowings	280,787	148,223
<i>Less: Interest capitalised</i>	<u>(224,395)</u>	<u>(129,121)</u>
	<u>56,392</u>	<u>19,102</u>

6. PROFIT BEFORE TAX

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

	Six months ended	
	31 December	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
Depreciation of property, plant and equipment	35,062	46,755
Less: Amount included in inventory overheads	<u>(2,412)</u>	<u>(2,387)</u>
	<u>32,650</u>	<u>44,368</u>
Amortisation of intangible assets	458	454
Amortisation of prepaid land lease payments	656	1,183
Gain on disposal of items of property, plant and equipment	–	(9)
Foreign exchange differences, net	<u>(37,236)</u>	<u>(28,465)</u>

7. INCOME TAX EXPENSE

	Six months ended	
	31 December	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	13,000	13,600
Current – Elsewhere		
Charge for the period	<u>13,354</u>	<u>6,500</u>
Tax charge for the period from continuing operations	<u>26,354</u>	<u>20,100</u>

8. DISCONTINUED OPERATION

During the period ended 31 December 2017, the Group decided to cease the operation of magazine publication. Accordingly, the publication of a wine magazine which was previously included in the winery and wine related segment was classified as a discontinued operation for the six months ended 31 December 2017.

The results of the discontinued operation for the period are presented as follows:

	Six months ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	–	145
Cost of sales	–	(2)
Other income and gain	4	–
Selling and distribution expenses	–	(2,584)
Administrative expenses	(231)	(3,398)
Loss before tax from the discontinued operation	(227)	(5,839)
Income tax expense	–	–
Loss for the period from the discontinued operation	<u>(227)</u>	<u>(5,839)</u>
Loss per share:		
Basic, from the discontinued operation	–	HK0.08 cent
Diluted, from the discontinued operation	<u>HK0.01 cent</u>	<u>HK0.08 cent</u>

The calculations of basic and diluted loss per share from the discontinued operation are based on:

Loss attributable to ordinary equity holders of the Company from the discontinued operation	<u>(227)</u>	<u>(5,839)</u>
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	6,990,652	6,989,652
Effect of dilution – weighted average number of ordinary shares: Share options	<u>45,579</u>	<u>41,514</u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u>7,036,231</u>	<u>7,031,166</u>

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2017 (six months ended 31 December 2016: Nil).

10. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation:		
From continuing operations	996,193	962,643
From a discontinued operation	(227)	(5,839)
	<u>995,966</u>	<u>956,804</u>
Number of shares		
	Six months ended 31 December	
	2017	2016
	'000	'000
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	6,990,652	6,989,652
Effect of dilution – weighted average number of ordinary shares: Share options	<u>45,579</u>	<u>41,514</u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u>7,036,231</u>	<u>7,031,166</u>

11. INVESTMENT PROPERTY

	HK\$'000
At 1 July 2016 (audited)	12,500,000
Additions	478,292
Change in fair value	<u>2,321,708</u>
At 30 June 2017 and 1 July 2017 (audited)	15,300,000
Additions	11,621
Change in fair value	<u>1,488,379</u>
At 31 December 2017 (unaudited)	<u>16,800,000</u>

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

At 31 December 2017, the Group's investment property stated at fair value was revalued by B.I. Appraisals Limited (30 June 2017: Vigers Appraisal and Consulting Limited), an independent firm of professionally qualified valuers, on an open market, existing use basis.

11. INVESTMENT PROPERTY (Continued)

The valuation is arrived at using the sales comparison method and is estimated by making reference to the sales transactions or asking price evidences of comparable properties as available in the market with adjustments made to account for any differences and where appropriate.

At 31 December 2017, the Group's investment property with a carrying value of HK\$16,800,000,000 (30 June 2017: HK\$15,300,000,000) was pledged to secure banking facilities granted to the Group.

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 Group normally requires its customers to make payment of monthly charges in advance in relation to the leasing of its investment property and provision of property management services. An aged analysis of trade receivables, presented based on the invoice date except for factoring service, which is the date of provision of credit, is as follows:

	31 December 2017 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Audited)
Less than 121 days	2,844,303	3,246,963
121 to 150 days	929,242	996,986
151 to 180 days	957	4,694
181 to 365 days	7,972	133,766
Over 1 year	<u>108</u>	<u>3,630</u>
	<u>3,782,582</u>	<u>4,386,039</u>

13. TRADE PAYABLES

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

	31 December 2017 HK\$'000 (Unaudited)	30 June 2017 HK\$'000 (Audited)
Less than 121 days	275,465	442,042
121 to 150 days	104,306	146,422
181 to 365 days	–	822
Over 1 year	<u>602</u>	<u>–</u>
	<u>380,373</u>	<u>589,286</u>

14. COMPARATIVE AMOUNTS

The comparative statement of profit or loss and segment information have been restated and presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period (note 8).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the six months ended 31 December 2017 (“the first half of FY2018” or “the period under review”), the Group recorded revenue of approximately HK\$372.9 million, representing an increase of 26.9% over the revenue of approximately HK\$293.7 million for the same period in the previous financial year (“FY2017”). The increase was mainly due to the increased revenues generated by our wine trading, restaurants and leasing businesses. Gross profit for the period under review amounted to HK\$269.5 million, which was a rise of 16.4% compared with the HK\$231.6 million for the same period in FY2017. The Group recorded a fair value gain of HK\$1,488.4 million for the investment property, Goldin Financial Global Centre in the current period, which approximated the amount of HK\$1,494.9 million recorded for same period in FY2017. Profit attributable to the owners of the Company was approximately HK\$996.0 million, which represented a slight increase of 4.1% compared with the approximately HK\$956.8 million for the first half of FY2017. The increase in profit attributable to the owners of the Company was largely offset by the increase in the finance costs for the period under review as a result of the completion of our Goldin Financial Global Center in October 2016 the related finance costs were no longer capitalized. During the six month period ended 31 December 2017, finance costs directly charged to income statement amounted to HK\$56.4 million, which was an increase of 195.3% compared to the amount of HK\$19.1 million for the same period in FY2017.

Business Review

Real Estate Business

Property Investment

According to Cushman & Wakefield, Hong Kong remained the most expensive prime office market in the world and specifically, the Greater Central district recorded the highest rents consecutively. This has continued to cause more multinational corporations and enterprises to decentralize from the Greater Central district and move to other districts for more attractive alternatives.

The Kowloon East has now become the prominent alternative central business district (“CBD2”) in Hong Kong. In 2017, the net absorption in the Kowloon East accounted for 30% of the total net absorption (in sq ft of net floor area) in the grade-A office market. The growing popularity of the CBD2 has been evidenced by brisker office leasing and the fact that the district’s net effective rent stayed firm for the year.#

The Group’s investment property, Goldin Financial Global Centre is located in the CBD2 of Kowloon East. It is a grade-A office building with approximately 800,000 square feet of premium office space and 100,000 square feet of dining area. During the period under

Source: Statistics of CBRE and Knight Frank, January 2018

review, new office leasing activities continued to be transacted and we have secured a stronger and better tenant portfolio. We expect our occupancy rate to improve progressively in the year. During the first half of FY2018, rental and property management revenues amounted to HK\$29.1 million (first half of FY2017: HK\$4.1 million). In addition, the Group recorded a fair value gain of approximately HK\$1,488.4 million in respect of Goldin Financial Global Centre (first half of FY2017: HK\$1,494.9 million), owing to continuing appreciation in the value of the commercial properties in CBD2.

Property Development

Ho Man Tin Sheung Shing Street Project

The Group's 60%-owned project is situated at Sheung Shing Street, Ho Man Tin with a total site area of approximately 9,074 square metres. It has been planned that a top-class apartment complex with luxury club house facilities will be built, targeting high-end customers who enjoy a luxury home in the traditional high-class residential district. Over 400 private residential units will be built in the project that has total maximum gross floor area of approximately 586,000 square feet. The piling works at the site had been completed and foundation works are progressing well. The construction is expected to be completed by the end of 2020.

Ho Man Tin Station Package One Development Project

The Group's 50.1%-owned joint venture for development of the Ho Man Tin Station Package One Development Project, which is situated at the Ho Man Tin Station of Hong Kong's Mass Transit Railway ("MTR"), covered the maximum gross floor area of approximately 742,700 square feet. It has been planned that about 800 to 1,000 residential units will be constructed. The site's formation and foundation works are currently in progress and the construction is expected to be completed by the end of 2022.

Wine and Related Business

The wine industry in Hong Kong and the People's Republic of China ("PRC") continued to flourish. The wine re-exports were strong in Hong Kong, and had accounted for above 40% of the total annual wine imports in 2017. The 40% level had been attained since 2014. The remaining portion was made up by over HK\$6 billion[#] worth of wine imports per annum for local consumption or storage reserves for the city's gourmet and beverage sector. According to Euromonitor International, the robust wine sales in Hong Kong reached US\$1,543 million in 2016.

[#] Source: Hong Kong-Asia's Wine Hub – Trade statistics

In the first half of FY2018, the Group continued to promote its premium fine wines in the overseas markets through the appointed distributors in order to enhance the visibility and branding. We had successfully harvested our grape crops at the beginning of the devastating wildfires in California in early October 2017 such that our 2017 vintage productions for our winery in the United States were not significantly impacted.

In Hong Kong, our four specialties and fine-dining restaurants at the Goldin Financial Global Centre are in operation. Events with specially designed meals for wine and food pairing were held at these restaurants so as to introduce the Group's wines to the wine and food lovers. We offered a wider variety of wine and liquor to cater for consumers' wider range of taste. We will gear our marketing efforts towards more young and affluent middle-class customers.

In the current period, the Group ceased the operation of the publication of a wine magazine known as "Le Pan" which has underperformed continuously. Accordingly, no revenue was generated by this operation during the six months ended 31 December 2017 (first half of FY2017: approximately HK\$0.1 million). Loss from this operation amounted to approximately HK\$0.2 million (first half of FY2017: approximately HK\$5.8 million).

During the first half of FY2018, the wine and related business (excluding the operation of publication of a magazine which the operation ceased during the current period) recorded revenues of approximately HK\$260.4 million (first half of FY2017: HK\$193.3 million). This increase of 34.7% over that of the same period in FY2017. The growth was mainly due to the increase in revenues generated by the wine trading and the restaurants businesses. Segment profit from our wine and related business was approximately HK\$107.9 million (first half of FY2017: HK\$79.1 million), which represented an increase of 36.4% over the same period in FY2017. This increase was mainly due to (i) the larger profit generated from the trading of wines compared to the same period in FY2017; and (ii) the disposal of a wine cellar in Tianjin in June 2017 which lead to the decrease in expenses.

Factoring

China's factoring market was characterized by strong competition from an increasing number of registered domestic commercial factors and the persistently low short-term lending rates. Accordingly, our factoring business continued to face challenges. For the first half of FY2018, our factoring business recorded revenue of approximately HK\$83.4 million (the same period in FY2017: HK\$96.4 million), down by 13.5%, while profit from this business segment increased by 35.0% to approximately HK\$91.4 million, compared with the HK\$67.7 million for the same period of FY2017. This increase in profit was mainly because the Group had reduced the commission fees paid to the import factors as well as the recording of an exchange gain of approximately HK\$20.9 million for the factoring segment in the current period.

Financial Review

Liquidity, Financial Resources and Gearing

As at 31 December 2017, the Group's working capital stood at approximately HK\$11,454.1 million, representing a decrease of 4.5% over the HK\$11,998.3 million figure recorded on 30 June 2017. Cash and cash equivalents totalled approximately HK\$282.3 million, down by 42.2% over the HK\$488.7 million on 30 June 2017.

As at 31 December 2017, the Group had outstanding bank loans of approximately HK\$14,653.6 million (30 June 2017: HK\$14,338.7 million). The Group maintained a borrowing facility of US\$500 million (equivalent to HK\$3,907.5 million) from a related company in which Mr. Pan Sutong, the controlling shareholder of the Company, has a beneficial interest. During the current period, the Group repaid approximately HK\$529.4 million which were drawn down in prior year for financing the acquisition of the Group's properties under development. As a result, the amount of the facilities utilised as at 31 December 2017 was lowered to approximately US\$0.4 million (equivalent to HK\$3.4 million) (30 June 2017: US\$66.8 million (equivalent to HK\$518 million)). The undrawn borrowing facility as at 31 December 2017 was approximately US\$499.6 million (equivalent to HK\$3,904.1 million) (30 June 2017: US\$433.2 million (equivalent to HK\$3,357 million)). As at 31 December 2017, the Group also had an outstanding loan from a non-controlling interest of approximately HK\$518.3 million (30 June 2017: HK\$518.3 million), which represented the funding contribution from the joint venture partner for financing the acquisition of the Group's properties under development in prior year.

As at 31 December 2017, the debt-to-total assets ratio, which is calculated as total bank and other borrowings divided by total assets of the Group, was maintained at a healthy level of 41.1%, when compared with 42.9% as at 30 June 2017. The ratio of net debts (total bank and other borrowings net of cash and bank balances) divided by total assets was approximately 40.3% (30 June 2017: 41.5%).

Foreign Exchange

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

Contingent Liabilities

As at 31 December 2017, the banking facilities granted to certain property development subsidiaries and a property investment subsidiary, which are subject to guarantees given to the bank by the Company for up to 50.1% and 60% of funds drawn down, had been utilized to the extent of HK\$8,577.7 million (30 June 2017: HK\$8,402.6 million).

Pledge of Assets

As at 31 December 2017, the Group's secured bank loans were secured by (i) the investment property with an aggregate carrying value of HK\$16,800 million (30 June 2017: HK\$15,300 million); (ii) the properties under development with an aggregate carrying value of HK\$7,000 million (30 June 2017: HK\$6,756 million); (iii) the entire share capital of Smart Edge Limited, a 60%-owned subsidiary which holds the investment property; and (iv) the entire share capital of Gold Topmont Limited, a 60%-owned subsidiary of the Company which holds the properties under development.

In addition, the Group pledged its prepaid land lease payments with a net carrying amount of HK\$48 million (30 June 2017: HK\$48 million) and buildings with a net carrying amount of HK\$1,657 million (30 June 2017: HK\$1,608 million) for a banking facility granted but not yet utilized as at 30 June 2017 and 31 December 2017.

Prospect

Real Estate Business

Property Investment

The strong demand for grade-A office spaces will continue amid the steady economic growth and robust market sentiments in Hong Kong. The CBD2 in Kowloon East meets the needs of the commercial sector by offering appealing, cost-efficient and modernized office spaces. We anticipate that the potential tenant base for the district will become more diverse following the establishment of cowork centres which are targeted at users of the micro and small-sized offices. We therefore expect demand for office space in the CBD2 to continue to grow. Kowloon East will be positioned as an ideal business location that meets the corporations' requirements.

We are positive about the medium and long-term prospect of Kowloon East and remain confident that Goldin Financial Global Centre will generate a steady stream of rental income in the future.

Property Development

The Ho Man Tin district is renowned for a school network and luxury residences. The target commissioning date of the Shatin to Central Link (phase 1), which will run through the Ho Man Tin Station, is mid-2019. Henceforth, the locality of the Ho Man Tin district will be enhanced as the Ho Man Station will be the key interchange station in the heart of Kowloon. We are optimistic about the future revenues that the Group will generate upon the completion of the projects.

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

Wine and Related Business

Wine shortage looms large in the global wine industry. In 2017, the major wine-producing countries that yielded half of the wine in the world recorded low production. This was expected to cause the global wine production to drop by 8.2%[#]. Besides, the aftermath by the wildfires that crippled California's wine region is yet to be assessed. After all, the price of imported wines in Hong Kong from the principal wine-producing countries has already been driven up, as evidenced by the 28% rise in the average cost per litre of wine for the first eleven months of 2017 based on the trade statistics.

We will carefully monitor our purchase management for the fine wines in view of the fluctuations in the wine prices. Meanwhile, we will continue our effort in building a stronger market position by offering a larger variety of wine and liquor to the high-end to mid-range prospective clientele. The Group will continue to expand its wine retail business to tap the local market. Our restaurant business at the Goldin Financial Global Centre offer delectable cuisines with food and wine pairing service.

To tap the growing wine market in China and Hong Kong, the Group's wine-trading business will continue to develop steadily, aiming for a wider market coverage in China's key cities. The extension of instant customs clearance to all the customs posts in China has further benefitted wine re-exports from Hong Kong under the CEPA (Closer Economic Partnership Arrangement). Wine trading business will be bolstered by the faster logistics and extensive geographical network across the country.

The Group will continue to explore other possibilities in the wine business and other related businesses in order to increase its market penetration in China and Hong Kong.

Factoring

China's domestic factoring industry is comprised of bank factoring which is regulated by the China Banking Regulatory Commission ("CBRC") and commercial factoring which is regulated by the Ministry of Commerce in the PRC. In the medium-term, the regulation of bank factoring and commercial factoring will be streamlined and administered by a single authority – CBRC. The centralized directions and the convergence of policies on bank factoring and non-bank factoring as part of the planned reform of the domestic factoring markets will be beneficial to the further development of the country's factoring industry.

We will strive to maintain the competitive edge of our factoring business and continue our prudent approach to managing risks and selecting clients. We will also explore possibilities of forming new ventures and cooperating with other commercial factors and financial institutions to develop new products and services in China's financial sector.

[#] *Source: International Organisation of Vine and Wine – Global Economic Vitiviniculture Data (October 2017)*

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2017 (2016: Nil).

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

During the six months ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 31 December 2017, 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.

HUMAN RESOURCES

As at 31 December 2017, the Group had about 345 employees (2016: 305). Total staff costs for the six months ended 31 December 2017 were approximately HK\$68.8 million (2016: HK\$48.9 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.

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 2017.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 31 December 2017 containing all the applicable information required by the Listing Rules will be despatched to the shareholders and published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.goldinfinancial.com in due course.

By order of the Board
Goldin Financial Holdings Limited
高銀金融（集團）有限公司*
Pan Sutong
Chairman

Hong Kong, 27 February 2018

As at the date of this announcement, the Board comprises Mr. Pan Sutong (Chairman), Professor Huang Xiaojian and Mr. Zhou Xiaojun as the executive Directors; and Hon. Shek Lai Him Abraham (GBS, JP), Ms. Hui Wai Man, Shirley, Mr. Tang Yiu Wing and Ms. Gao Min as the independent non-executive Directors respectively.

* *for identification purposes only*