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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 2018

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 2018 together with comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 31 December 2018

		Six months ended 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited) (Restated)
Revenue	*4*	**321,439**	372,863
Cost of sales		**(79,358)**	(103,364)
Gross profit		**242,081**	269,499
Other income and gain	*4*	**2,304**	1,195
Increase in fair value of investment property	*10*	**1,298,850**	1,488,379
Selling and distribution expenses		**(4,295)**	(3,671)
Administrative expenses		**(126,549)**	(110,197)
Finance costs	*5*	**(248,477)**	(56,392)
Profit before tax	*6*	**1,163,914**	1,588,813
Income tax expense	*7*	**(24,834)**	(26,354)
Profit for the period		**1,139,080**	1,562,459

* *for identification purposes only*

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

Six months ended 31 December 2018

	Note	Six months ended 31 December 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited) (Restated)
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(181,323)**	158,087
Total comprehensive income for the period		**957,757**	1,720,546
Profit for the period attributable to:			
Owners of the Company		**742,439**	995,966
Non-controlling interests		**396,641**	566,493
		1,139,080	1,562,459
Total comprehensive income attributable to:			
Owners of the Company		**561,116**	1,154,053
Non-controlling interests		**396,641**	566,493
		957,757	1,720,546
Earnings per share attributable to owners of the Company	*9*		
Basic – For profit for the period		**HK10.62 cents**	HK14.25 cents
Diluted – For profit for the period		**HK10.59 cents**	HK14.15 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	31 December 2018 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,919,022**	2,015,681
Investment property	*10*	**18,500,000**	17,200,000
Prepaid land lease payments		**44,684**	47,171
Intangible assets		**112,452**	113,416
Vines		**13,418**	13,671
Deposits		**1,770**	1,098
Total non-current assets		**20,591,346**	19,391,037
CURRENT ASSETS			
Inventories		**170,037**	189,488
Properties under development	*11*	**24,089,269**	13,876,461
Prepayments, deposits and other receivables		**19,316**	46,354
Trade receivables	*12*	**3,835,349**	3,989,967
Due from a related company		**10**	753
Cash and bank balances		**61,128**	277,529
Total current assets		**28,175,109**	18,380,552
CURRENT LIABILITIES			
Trade payables	*13*	**470,647**	416,149
Accruals, other payables and receipts in advance		**657,539**	651,504
Due to related companies		**1,199**	25,717
Due to non-controlling shareholders		**245,590**	95,648
Due to the immediate holding company		**—**	45,324
Tax payable		**85,139**	99,616
Interest-bearing bank and other borrowings	*14*	**17,626,396**	13,353,149
Loan from non-controlling shareholders		**2,266,113**	518,296
Total current liabilities		**21,352,623**	15,205,403
NET CURRENT ASSETS		**6,822,486**	3,175,149
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,413,832**	22,566,186

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2018

	Note	31 December 2018 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Rental deposits		**38,178**	38,178
Interest-bearing bank and other borrowings	*14*	**8,549,987**	3,546,413
Loan from a related company		**—**	37,877
Deferred tax liabilities		**20,767**	21,228
Total non-current liabilities		**8,608,932**	3,643,696
Net assets		**18,804,900**	18,922,490
EQUITY			
Equity attributable to owners of the Company			
Share capital		**699,065**	699,065
Reserves		**13,167,704**	12,606,588
		13,866,769	13,305,653
Non-controlling interests		**4,938,131**	5,616,837
Total equity		**18,804,900**	18,922,490

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

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 2018.

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 2018, 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 2018.

Amendments to HKFRS 2	*Classification and Measurement of Share-Based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

Except for HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers*, which effect of the adoption are disclosed as below, the adoption of the above revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated financial statements.

Several other amendments and interpretations are applied for the first time in 2018, they do not have significant impact on the unaudited interim condensed consolidated financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings in the 2018 financial year. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 July 2018, thus the comparative figures have not been restated.

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time.

Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The adoption of HKFRS 15 does not have material financial impact on the Group's condensed consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

HKFRS 9 Financial Instruments

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has applied HKFRS 9 retrospectively in accordance with the transition requirements, with the initial application date of 1 July 2018. The Group has elected not to adjust the comparative information for the period beginning 1 July 2017, which the comparative information was prepared under classification and measurement requirements of HKAS 39.

(a) Classification and measurement

Under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("**FVPL**"), amortised cost, or fair value through other comprehensive income ("**FVOCI**"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "**SPPI criterion**").

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables.

The assessment of the Group's business models was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by HKAS 39.

The adoption of HKFRS 9 has had no significant impact on the classification and measurement of the financial assets of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

HKFRS 9 Financial Instruments (continued)

(b) Impairment

HKFRS 9 requires an impairment on trades receivables, prepayments, deposits and other receivables that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis.

The Group applied the simplified approach and recorded lifetime expected losses that were estimated based on the present value of all cash shortfalls over the remaining life of all of its deposits and other receivables and trades receivables, respectively. The Group performed a detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

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

(a) the property segment engages in property development and investment;

(b) the winery and wine related segment engages in trading of wines, wine storage, operation of vineyards, operation of restaurants and publication of a wine magazine;

(c) the factoring segment engages in the provision of factoring services; and

(d) the financial investments segment engages in securities and derivatives investment and trading and investment in financial instruments.

3. OPERATING SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Group's business segments for the six months ended 31 December 2018 and 31 December 2017, respectively.

For the six months ended 31 December 2018

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

For the six months ended 31 December 2017

	Property *HK$'000* (Unaudited)	Winery and wine related *HK$'000* (Unaudited) (Restated)	Factoring *HK$'000* (Unaudited)	Financial investments *HK$'000* (Unaudited)	Eliminations *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited) (Restated)
Segment revenue:						
Sales to external customers	29,081	260,396	83,386	—	—	372,863
Intersegment sales	17,329				(17,329)	—
Total	46,410	260,396	83,386	—	(17,329)	372,863
Segment results:	1,493,763	107,644	91,419	(604)	(17,329)	1,674,893
Reconciliation						
Unallocated other income						56
Corporate administrative expenses						(29,744)
Finance costs						(56,392)
Profit before tax						1,588,813

4. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue, other income and gain is as follows:

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Handling fee income and interest income from factoring services	**68,378**	83,386
Sales of wine	**135,592**	221,617
Storage fee income	**11,793**	8,179
Restaurant operations	**32,790**	30,600
Rental income	**59,741**	24,046
Property management fee income	**13,145**	5,035
	321,439	372,863
Other income		
Bank interest income	**15**	56
Others	**2,289**	1,135
	2,304	1,191
Other gain		
Gain on disposal of items of property, plant and equipment	**—**	4
	2,304	1,195

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on bank and other borrowings	**784,878**	280,787
Less: Interest capitalised	**(536,401)**	(224,395)
	248,477	56,392

6. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Depreciation of property, plant and equipment	**33,471**	35,277
Less: Amount included in inventory overheads	**(2,164)**	(2,412)
	31,307	32,865
Amortisation of intangible assets	**459**	458
Amortisation of prepaid land lease payments	**638**	656
Foreign exchange differences, net	**2,757**	(37,236)

7. INCOME TAX EXPENSE

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Charge for the period	**11,929**	13,000
Current — Elsewhere		
Charge for the period	**12,905**	13,354
Tax charge for the period	**24,834**	26,354

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2018 (six months ended 31 December 2017: Nil).

9. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	**742,439**	995,966

	Number of shares Six months ended 31 December	
	2018	2017
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**6,990,652**	6,990,652
Effect of dilution — weighted average number of ordinary shares:		
Share options	**19,770**	45,579
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**7,010,422**	7,036,231

10. INVESTMENT PROPERTY

	HK$'000
Carrying amount at 30 June 2017 and 1 July 2017 (audited)	15,300,000
Non-cash lease incentive	32,530
Initial direct costs	12,072
Amortisation of lease incentive	(8,563)
Amortisation of initial direct costs	(509)
Change in fair value	1,864,470
Carrying amount at 30 June 2018 (audited)	17,200,000
Addition during the period	200
Non-cash lease incentive	11,081
Amortisation of lease incentive	(8,038)
Amortisation of initial direct costs	(2,093)
Change in fair value	1,298,850
Carrying amount at 31 December 2018 (unaudited)	18,500,000

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 2018, the Group's investment property stated at fair value was revalued by B.I. Appraisals Limited (30 June 2018: B.I. Appraisals Limited), an independent firm of professionally qualified valuers, on an open market, existing use basis.

The valuation of completed investment property was based on the income method by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the property.

11. PROPERTIES UNDER DEVELOPMENT

	31 December 2018	30 June 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Carrying amount at 1 July	**13,876,461**	13,138,517
Additions	**10,212,808**	737,944
Carrying amount	**24,089,269**	13,876,461

As at 31 December 2018 and 30 June 2018, all of the properties under development are expected to be completed within normal operating cycle, recovered after more than twelve months from the end of the reporting period and included under current assets.

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 2018	30 June 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than 121 days	**3,660,894**	2,286,503
121 to 150 days	**8,127**	1,015,838
151 to 180 days	**3,202**	502,865
181 to 365 days	**153,063**	180,539
Over 1 year	**10,063**	4,222
	3,835,349	3,989,967

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 2018	30 June 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than 121 days	**470,590**	256,993
121 to 150 days	**—**	106,181
151 to 180 day	**—**	52,546
181 to 365 days	**—**	60
Over 1 year	**57**	369
	470,647	416,149

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2018	30 June 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current portion		
— Secured	**17,025,748**	13,352,278
— Unsecured	**600,648**	871
	17,626,396	13,353,149
Non-current portion		
— Secured	**8,549,987**	3,546,327
— Unsecured	**—**	86
	8,549,987	3,546,413
Total interest-bearing bank and other borrowings	**26,176,383**	16,899,562

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the six months ended 31 December 2018 ("**the first half of FY2019**" or "**the period under review**"), the Group recorded revenue of approximately HK$321.4 million, which represents a decrease of 13.8% over the revenue of approximately HK$372.9 million for the same period in the previous financial year ("**FY2018**"). The decrease was mainly due to a decline in revenue generated from the factoring and wine trading businesses, which was partially offset by the increase in rental income from Goldin Financial Global Centre. Gross profit for the period under review amounted to HK$242.1 million, which was a decrease of 10.2% compared with the HK$269.5 million for the same period in FY2018. The decrease in gross profit was mainly due to a decline in revenue for the period under review. The Group recorded a fair value gain of HK$1,298.9 million from the investment property, Goldin Financial Global Centre in the period under review. The figure decreased by 12.7% compared with that of HK$1,488.4 million recorded for the same period in FY2018. Profit attributable to the owners of the Company was approximately HK$742.4 million, which represented a decrease of 25.5% compared with the approximately HK$996.0 million for the first half of FY2018. The decrease in profit was mainly due to the decline in fair value gain from the investment property and the increase in the financing costs for the Group's property investment business compared with that of the same period for FY2018.

Business Review

Real Estate Business

Property Investment

The Grade-A office market in Hong Kong remained strong during the period under review. Office decentralization has been continuing its momentum as more corporations, including several high-profile and multi-national corporations, relocated their offices from the traditional core business areas to the office submarket for lower rents. In 2018, the office rentals in the Kowloon East district rose by 7%#. Kowloon East is a prominent alternative central business district ("**CBD2**") in Hong Kong.

The Group's investment property, Goldin Financial Global Centre, is located in the CBD2, Kowloon East. It is a premium grade-A office building, providing approximately 800,000 square feet (sq.ft.) of premium office space and approximately 100,000 sq.ft. of fine dining area. During the first half of FY2019, rental income and revenue from property management services together at Goldin Financial Global Centre amounted to HK$72.9 million (first half of FY2018: HK$29.1 million), up by 150.5% compared with the first half of FY2018, as more tenants moved into the premises and started to pay rents. In addition, the Group recorded a fair value gain of approximately HK$1,298.9 million from Goldin Financial Global Centre (first half of FY2018: HK$1,488.4 million). The fair value gain was 12.7% lower than that for the first half of FY2018 because the commercial properties in CBD2 appreciated to a lesser degree in the first half of FY2019.

Property Development

Property Development Project in Kai Tak Area

In November 2018, the Group's 60%-owned joint venture successfully tendered for the land parcel located at Kai Tak Area 4B Site 4, Kai Tak, Kowloon for approximately HK$8,907 million. The Kai Tak land is located at a strategic location, which is at the center of the Hong Kong Government's Kai Tak Development project and will be accessible by the future Shatin-to-Central Link at Kai Tak MTR Station. A maximum gross floor area of 53,394 sq.m. can be constructed on the acquired land, which is designated for private residential property development. The Kai Tak Development project shall be completed and made fit for occupation on or before 30 September 2024.

Two Property Development Projects in Ho Man Tin

The Group's two property development projects in Ho Man Tin consists of i) the 60%-owned residential property development project situated at Sheung Shing Street, Ho Man Tin with a maximum gross floor area of approximately 586,030 sq.ft.; ii) the 50.1%-owned residential property development of the Ho Man Tin Station Package One Development Project, which is situated at Ho Man Tin Station of Hong Kong's Mass Transit Railway, which have the maximum gross floor area of approximately 742,700 sq.ft. The construction works of two development projects are progressing well and are expected to be completed by the end of 2020 and 2022 respectively.

Source: Statistics of Knight Frank Research and CBRE Research, January 2019

In April 2018, the Group entered into the conditional sale and purchase agreements (as amended) in relation to the disposals of its entire interests in the two above-mentioned development projects in Ho Man Tin, the one in Sheung Shing Street ("**GF Disposal**") and the Ho Man Tin Station Package One Development Project ("**RR Disposal**"), and the acquisition of the remaining 40% interest in Goldin Financial Global Centre (which hereinafter are collectively referred to as the "**Proposed Transactions**"). As at the date of this announcement, the completion of the Proposed Transactions had been extended as the time required for the provision of the relevant consent(s) by independent third parties (being a condition precedent to each of the completion of the GF Disposal and the RR Disposal) is longer than expected.

Wine and Related Businesses

The China wine market has experienced explosive growth during the past couple of years. The growing wine consumption in China and increasing volume of annual wine imports have boosted the development of the country's wine trading industry. According to 中商情報網 (website of www.AskCI.com), there were over 5,000 wine import merchants and distributors in China by the end of 2018. Competition in the market for imported wines intensified as innovative and convenient channels for wine sales such as wine chain stores, on-line wine chatroom and alcoholic beverage vending machines were gaining in popularity.

During the period under review, the Group continued to promote its premium fine wines by offering full services to customers, from the sourcing of prestige wines from renowned producers to portfolio management of premium wines and quality storage services at our well-equipped wine cellar in Guangzhou. We had also increased the portion of our self-produced wines in our goods for the sales in France in order to enhance their visibility and branding.

In Hong Kong, the four fine-dining and specialty restaurants at Goldin Financial Global Centre held wine pairing dinners with specially designed menus to introduce the Group's wines to local food and wine connoisseurs. Our restaurants offered a wide variety of wines and liquors to cater for local consumers' expanding tastes. In November 2018, we opened a new "Sip" café at Goldin Financial Global Centre. Inspired by green living, "Sip" brings the eco-consciousness to daily dining through fresh and healthy light refreshments.

During the first half of FY2019, the wine and related businesses recorded revenue of approximately HK$180.2 million (first half of FY2018: HK$260.4 million), which represented a year-on-year decrease of 30.8%. The drop was mainly due to the decrease in revenue generated by the wine trading business, which was partially offset by the increase in income from the wine storage business and revenue from the dining business. The uncertainty caused by the Sino-United States trade war and the increasingly volatile financial markets had dampened the investor sentiment. As a result, fewer premium wines were sold to the wine investors. Segment profit from our wine and related businesses dropped from HK$107.6 million for the first half of FY2018 to approximately HK$67.4 million for the period under review, representing a year-on-year decrease of 37.4%.

Factoring

The Sino-United States trade war and the persistently strong competition in China's factoring market continued to exert pressure on our factoring business. In order to maintain its competitiveness, the Group further reduced its factoring commission charged to its customers since June 2018. For the first half of FY2019, our factoring business recorded revenue of approximately HK$68.4 million (first half of FY2018: HK$83.4 million), down by 18.0%. Profit from this business segment decreased by 28.2% year on year to approximately HK$65.6 million, compared with the HK$91.4 million for the first half of FY2018. The decrease in the segment profit was mainly due to the decrease in the factoring revenue as well as a significant exchange gain which was recorded in the first half of FY2018, whereas no such gain was recorded in the period under review.

Financial Review

Liquidity, Financial Resources and Gearing

As at 31 December 2018, the Group's working capital stood at approximately HK$6,822.5 million, representing an increase of 114.9% over the HK$3,175.1 million figure recorded on 30 June 2018. Cash and cash equivalents totaled approximately HK$61.1 million, down by 78.0% compared with the HK$277.5 million on 30 June 2018, which was mainly because of the cash used for our property development business as well as the payments related to the acquisition of the piece of land in Kai Tak Area.

As at 31 December 2018, the Group's interest-bearing bank and other borrowings amounted to approximately HK$26,176.4 million (30 June 2018: HK$16,899.6 million). The increase was mainly due to the increase of borrowings for financing the Group's real estate business. In addition, as at 31 December 2018, outstanding non-interest-bearing loans from the non-controlling shareholders were approximately HK$2,266.1 million (30 June 2018: HK$518.3 million), which were mainly for financing its property development project in Kai Tak and the Ho Man Tin MTR Station Package One Project.

The Group maintained a borrowing facility of US$500 million (equivalent to HK$3,915.6 million) (30 June 2018: US$500 million (equivalent to HK$3,922.7 million)) from a related company in which Mr. Pan Sutong, the controlling shareholder of the Company, has a beneficial interest. As at 31 December 2018, none of the amount of the facilities had been utilized (30 June 2018: US$4.8 million (equivalent to HK$37.9 million) were utilized).

As at 31 December 2018, the debt-to-total assets ratio, which is calculated as interest-bearing bank and other borrowings ("**Total Debts**") divided by total assets of the Group, was maintained at a healthy level of 53.7%, compared with 44.7% as at 30 June 2018. The ratio of net debts (Total Debts net of cash and bank balances) divided by total assets was approximately 53.6% (30 June 2018: 44.0%).

Foreign Exchange

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

Contingent Liabilities

As at 31 December 2018, the facilities granted to certain property development subsidiaries and a property investment subsidiary, which are subject to guarantees given to the banks and financial institution by the Company for up to 50.1% and 60% of funds drawn down, had been utilized to the extent of HK$13,062.4 million (30 June 2018: HK$9,881.3 million).

Pledge of Assets

As at 31 December 2018, the Group's secured bank loans and other borrowings were secured by (i) the investment property with an aggregate carrying value of HK$18,500 million (30 June 2018: HK$17,200 million); (ii) the properties under development with an aggregate carrying value of HK$24,089.3 million (30 June 2018: HK$7,249.6 million); (iii) the entire share capital of Smart Edge Limited ("**Smart Edge**"), an indirect 60%-owned subsidiary which holds the investment property; (iv) all assets of Smart Edge; (v) the entire share capital of Gold Topmont Limited, Gold Brilliant Investment Limited and Rich Fast International Limited, which are indirect non-wholly owned subsidiaries of the Company that hold the properties under development.

In addition, the Group pledged its prepaid land lease payments with a net carrying amount of HK$46.0 million (30 June 2018: HK$48.5 million) and buildings with a net carrying amount of HK$1,534.6 million (30 June 2018: HK$1,616.5 million) for a banking facility granted but not yet utilized as at 30 June 2018 and 31 December 2018.

Prospect

Real Estate Business

According to CBRE's research, new office space in Hong Kong that is scheduled for completion in 2019 will provide total 2.4 million sq. ft. to the market, of which over 40% is in Kowloon East. The forthcoming new supply of office space, especially that in Kowloon East, shall undoubtedly continue to incentivize more businesses to relocate from the traditional central business districts to alternative business districts to lower the rental costs. The growing trend towards office decentralization has been reflected by the high take-up of office space in the submarket for office. The Group will continue to recruit tenants from internationally well-known enterprises. It expects the occupancy rate of offices at Goldin Financial Global Centre will continue to rise steadily in the years ahead. We trust that the CBD2 in Kowloon East will remain promising as it is bolstered by Goldin Financial Global Centre in terms of investment value and rental income.

The Group's new residential development project at the Kai Tak Area has enhanced its property portfolio. We are anticipating that the Proposed Transactions in the Group's real estate business segment will be completed in the second half of FY2019. The completion of the Proposed Transactions is expected to realise the investments in the two Ho Man Tin Development projects and to increase the Group's net asset value by capturing the relevant gains. In addition, the derecognition of borrowings from the disposal groups will improve the gearing and cash position of the Group and provide financial flexibility to capture potential new investment and business opportunities that may arise in the future. The Group has been from time to time exploring new investment opportunities with an aim to acquire high quality resources and businesses with growth potentials, which shall ultimately enhance the return of it shareholders.

Wine and Related Businesses

Recent negotiations between the United States and China's top officials to resolve their trade disputes have showed signs of progress and there was hope that the two countries can reach consensus and even some deals to help redress the trade imbalance. It is also hoped that the economy will be stabilised in the second half of FY2019 as the trade tension between the two countries is defused.

On the other hand, the global wine production for 2018 had rebounded by 13% from the historical low in 2017. The total wine production by the principal wine-producing countries reported double-digit growth[#]. In the light of the abundant new supply of wine on the market, competition in China's market for imported wines will continue to be strong in the second half of FY2019.

The Group will continue to develop the wine-trading business and promote its premium wines in Hong Kong and China. The Group's restaurants at Goldin Financial Global Centre offer delectable cuisines with foods and wines meticulously prepared and selected by the chefs and sommelier team. The Group will enrich its wine list by introducing new and competitive fine wines of more brands to the local market.

Meanwhile, the Group will continue to explore other possibilities, including acquisitions in its wine and related businesses in order to increase its market penetration in Hong Kong and China, as well as internationally.

Factoring

China's commercial factoring industry is expected to remain competitive, and the operating environment will remain difficult in the light of the projected slowdown in global economic growth. The Group will strive to maintain the competitive edge of its factoring business and continue its prudent approach to managing risks and selecting clients.

[#] *Source: International Organisation of Vine and Wine — 2018 World Vitiviniculture Situation*

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2018 (2017: Nil).

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

During the six months ended 31 December 2018, 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 2018, 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 2018, the Group had about 310 employees (2017: 345). Total staff costs for the six months ended 31 December 2018 were approximately HK$71.4 million (2017: HK$68.8 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 2018.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 31 December 2018 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 2019

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*