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 2020

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 2020 together with comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 31 December 2020

		Six months ended 31 December	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**172,094**	347,763
Cost of sales		**(18,246)**	(117,683)
Gross profit		**153,848**	230,080
Other income, gains and losses, net		**(324,080)**	7,202
Gain on disposal of a subsidiary		**31,224**	–
Change in fair value of investment properties		**–**	(193,524)
Change in fair value of financial assets measured at fair value through profit or loss		**(269,557)**	–
Selling and distribution expenses		**(2,007)**	(5,075)
Administrative expenses		**(218,572)**	(134,193)
Finance costs		**(346,240)**	(377,338)
Loss before tax	5	**(975,384)**	(472,848)
Income tax expense	6	**(17,748)**	(9,176)
Loss for the period		**(993,132)**	(482,024)

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

Six months ended 31 December 2020

	Note	Six months ended 31 December 2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Other comprehensive loss			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**360,997**	(74,359)
Total comprehensive loss for the period		**(632,135)**	(556,383)
Loss for the period attributable to:			
Owners of the Company		**(993,132)**	(478,229)
Non-controlling interests		**–**	(3,795)
		(993,132)	(482,024)
Total comprehensive loss attributable to:			
Owners of the Company		**(632,135)**	(552,588)
Non-controlling interests		**–**	(3,795)
		(632,135)	(556,383)
Loss per share attributable to owners of the Company	8		
Basic – For loss for the period		**HK(14.21) cents**	HK(6.84) cents
Diluted – For loss for the period		**HK(14.21) cents**	HK(6.84) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	31 December 2020 HK$'000 (Unaudited)	30 June 2020 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,763,907**	1,674,871
Investment properties		**–**	15,000,000
Intangible assets		**105,113**	104,104
Vines		**13,731**	14,171
Prepayment		**3,102,432**	639,793
Deferred tax assets		**20,857**	18,854
Total non-current assets		**5,006,040**	17,451,793
CURRENT ASSETS			
Inventories		**717,154**	768,421
Prepayments, other receivables and other assets		**12,872**	17,533
Trade receivables	9	**4,300,634**	3,886,855
Due from related companies		**25,641**	8,875
Financial assets measured at fair value through profit or loss		**6,387,360**	–
Loan to deconsolidated subsidiaries		**1,334,716**	–
Due from deconsolidated subsidiaries		**833,147**	–
Pledged deposits		**–**	14,159
Cash and cash equivalents		**16,536**	23,170
Total current assets		**13,628,060**	4,719,013
Assets of a disposal group classified as held for sale		**–**	7,000,025
Total current assets		**13,628,060**	11,719,038

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2020

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

1. BASIS OF PREPARATION

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

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2020.

Deconsolidation of Subsidiaries

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

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

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

Going concern basis

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA, which are effective for the first time for the Group's annual periods beginning on or after 1 July 2020.

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

The adoption of these new and amendments to HKFRSs had no material effect on the results and financial position of the Group and/or disclosures set out in these unaudited condensed consolidated financial statements for the current and/or prior accounting periods.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

For the six months ended 31 December 2020

	Property	Winery and wine related	Factoring	Financial Investments	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:						
Sales to external customers	**22,501***	**44,215**	**105,378**	–	–	**172,094**
Intersegment sales	**1,323***	–	–	–	**(1,323)**	–
Total	**23,824**	**44,215**	**105,378**	–	**(1,323)**	**172,094**
Segment results:	**20,412***	**(45,775)**	**82,444**	**(1,417)**	**(1,323)**	**54,341**
Reconciliations						
Unallocated other income, gains and losses, net						**(333,636)**
Corporate administrative expenses						**(111,516)**
Gain on disposal of a subsidiary						**31,224**
Change in fair value of financial assets measured at fair value through profit or loss						**(269,557)**
Finance costs						**(346,240)**
Loss before tax						**(975,384)**

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

For the six months ended 31 December 2019

	Property	Winery and wine related	Factoring	Financial Investments	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:						
Sales to external customers	112,084	140,651	95,028	–	–	347,763
Intersegment sales	17,439	–	–	–	(17,439)	–
Total	129,523	140,651	95,028	–	(17,439)	347,763
Segment results:	(97,760)	(8,539)	80,328	(1,250)	(17,439)	(44,660)
Reconciliations						
Unallocated other income						5,866
Corporate administrative expenses						(56,716)
Finance costs						(377,338)
Loss before tax						(472,848)

4. REVENUE

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

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

5. LOSS BEFORE TAX

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

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

6. INCOME TAX EXPENSE

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

7. DIVIDEND

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

8. LOSS PER SHARE

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

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

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

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

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

9. TRADE RECEIVABLES

Included in the balances are trade receivables for wine trading, provision of wine storage services, provision of factoring services, project management services.

The Group allows a credit period of 120 days for factoring services and 14 to 60 days for wine trading and provision of wine storage services. The Group normally requires its customers to make payment of monthly charges in advance in relation to provision of project management services and wine storage services. An aged analysis of trade receivables, presented based on the invoice date except for factoring services, which is the date of provision of credit, is as follows:

	31 December 2020	30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than 121 days	**2,277,816**	2,736,539
121 to 150 days	**2,577**	910,295
151 to 180 days	**1,405**	2,855
181 to 365 days	**1,797,568**	17,470
Over 1 year	**221,268**	219,696
	4,300,634	3,886,855

10. TRADE PAYABLES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Results

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

The Group recorded revenue of approximately HK$172.1 million for the period under review, which represented a decrease of 50.5% over the revenue of approximately HK$347.8 million for the same period of the previous financial year ("**FY2020**"). The fall in revenues was mainly due to the significant drop in revenues generated from the wine and related businesses in the current period under review. In addition, the Group also recorded a drop in rental and property management fee income in the current period due to the deconsolidation of Smart Edge (which owns the Group's investment properties) with effect from 13 July 2020, thus the related rental and management fees income were recognised only up to 13 July 2020 for the 1st half of FY2021. Gross profit for the period under review decreased to HK$153.8 million, which was 33.1% decrease over the same period in FY2020. The loss attributable to owners of the Company for the first half of FY2021 rose to approximately HK$993.1 million as compared to a loss of HK$478.2 million over the same period of FY2020. The substantial increase in the loss for the current period was mainly attributable to (i) an one-off termination fee of approximately HK$451.7 million incurred upon the termination of a set of agreements for the disposal of the Kai Tak residential project in July 2020, details of which are disclosed in the Company's circular dated 29 January 2021; and (ii) the decrease in revenues and accordingly gross profit contribution generated by the wine and related businesses. On the other hand, due to the deconsolidation of the subsidiaries involving the property investment business, the Group recognized a loss in relation to the change in fair value of financial assets of HK$269.6 million for the current period under review, which represented the net change in the fair value of the Group's subsidiaries deconsolidated during the current period, whereas for the same period in FY2020, the Group recognized a fair value decrease in its investment properties of HK$193.5 million.

Business Review

Wine and Related Businesses

The global wine consumption had been severely affected by the pandemic. According to the IWSR analysis, both the global wine consumption and the value in 2020 are expected to decline by 10% respectively. China's wine market in 2020 was badly corked by the pandemic with the wine imports for year 2020 dropped by 19.9% in value to US$2.83 billion, and volume dropped by 28.8% to 471.3 million liters compared with last year, according to the Chinese research company ASKCI based on figures released by the China customs[1]. The economic slowdown in China and Hong Kong as well as around the world had seriously dampened the investor sentiment in premium fine wines market. During the first half of FY2021, our wine and related businesses underwent difficult operating situation due to the on-going anti-pandemic restrictions and policies. The wine and related businesses of the Group recorded revenues of approximately HK$44.2 million (first half of FY2020: HK$140.7 million), which represented a decrease of 68.6% against the same period of FY2020. The segment loss increased by 436.1% to HK$45.8 million for the period as compared with the figure of HK$8.5 million for the first half of FY2020. The increase in loss for the period was mainly due to the drop in revenues for the wine and related businesses and the increase in expenses for the leasing of the restaurant premises due to the deconsolidation of the operation of the Group's property investment business, which such expenses were eliminated on consolidation in the prior period.

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

Factoring

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

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

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

Real Estate Business

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

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

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

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

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

Financial Review

Liquidity, Financial Resources and Gearing

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

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

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

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

Foreign Exchange

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

Contingent Liabilities and Pledge of Assets

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

Litigations

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

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

Prospect

Wine and Related Businesses

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

Factoring

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

Real Estate Business

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

Overall

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

INTERIM DIVIDEND

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

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 31 December 2020, the Company has complied with all the code provisions ("**Code Provisions**") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the deviations with 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 non-executive and independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the Company's annual general meeting in accordance with the provisions of the bye-laws of the Company. The Board believes that such practice would offer stability at the Board level whilst independence is safeguarded by the statutory provisions by way of rotation, retirement and re-election subject to the shareholders' approval. Thus, the Board considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the Corporate Governance Code.

HUMAN RESOURCES

As at 31 December 2020, the Group had about 307 employees (2019: 323). Total staff costs for the six months ended 31 December 2020 were approximately HK$82.4 million (2019: HK$83.5 million). The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund and share options to motivate and reward employees at all levels to achieve the Group's business performance targets.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising Mr. Wong Wai Leung Joseph as chairman as well as Mr. Tang Yiu Wing and Ms. Gao Min as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 31 December 2020.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 31 December 2020 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*
Hui Wai Man, Shirley
Executive Director

Hong Kong, 27 February 2021

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

* *for identification purposes only*