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 ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below in the paragraph headed "Review of Unaudited Annual Results" of this announcement, the auditing process for the annual results of Goldin Financial Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2020 has not been completed. The board (the "**Board**") of directors (the "**Director(s)**") of the Company is pleased to announce the unaudited consolidated annual results of the Group for the year ended 30 June 2020, together with comparative figures for the last year as follows:

* *for identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2020

	Notes	**2020**	2019
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
REVENUE			
Revenue from contracts with customers	*3*	**223,457**	335,837
Interest income from factoring services	*3*	**203,323**	138,877
Revenue from other sources	*3*	**162,307**	129,316
		589,087	604,030
Cost of sales		**(151,385)**	(144,985)
Gross profit		**437,702**	459,045
Other income and gains		**6,459**	2,872
Gain on disposal of subsidiaries		**—**	5,727,940
Change in fair value of investment properties		**(2,195,923)**	1,299,664
Impairment losses of items of property, plant and equipment		**(147,441)**	—
Write-down of properties under development		**(2,786,409)**	—
Selling and distribution expenses		**(9,877)**	(10,219)
Administrative expenses		**(342,058)**	(305,050)
Finance costs	*5*	**(1,027,452)**	(773,292)
PROFIT/(LOSS) BEFORE TAX	*4*	**(6,064,999)**	6,400,960
Income tax expense	*6*	**(35,574)**	(32,756)
PROFIT/(LOSS) FOR THE YEAR		**(6,100,573)**	6,368,204

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

Year ended 30 June 2020

	Note	2020 HK$'000 (Unaudited)	2019 HK$'000 (Audited)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**(138,271)**	(182,652)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(138,271)**	(182,652)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(6,238,844)**	6,185,552
Profit/(loss) for the year attributable to:			
Owners of the Company		**(6,097,690)**	6,255,025
Non-controlling interests		**(2,883)**	113,179
		(6,100,573)	6,368,204
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(6,235,961)**	6,072,373
Non-controlling interests		**(2,883)**	113,179
		(6,238,844)	6,185,552
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*7*		
Basic		**HK(87.23) cents**	HK89.48 cents
Diluted		**HK(87.23) cents**	HK89.23 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	2020 HK$'000 (Unaudited)	2019 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,674,871**	1,887,471
Investment properties		**16,300,000**	18,500,000
Prepaid land lease payments		**—**	44,007
Intangible assets		**104,104**	111,654
Vines		**14,171**	15,150
Prepayments, other receivables and other assets		**639,793**	—
Deferred tax assets		**18,854**	1,210
Total non-current assets		**18,751,793**	20,559,492
CURRENT ASSETS			
Inventories		**768,421**	160,573
Properties under development		**—**	9,202,358
Prepayments, other receivables and other assets		**17,533**	17,097
Trade receivables	*8*	**3,886,855**	3,968,615
Due from related companies		**8,875**	144,186
Pledged deposits		**14,182**	346,590
Cash and cash equivalents		**23,147**	3,884,371
		4,719,013	17,723,790
Assets of a disposal group classified as held for sale	*10*	**7,000,025**	—
Total current assets		**11,719,038**	17,723,790
CURRENT LIABILITIES			
Trade payables	*9*	**405,472**	388,531
Accruals and other payables		**956,124**	867,858
Due to related companies		**9,825**	8,085
Due to a director		**18,174**	—
Tax payable		**126,321**	87,654
Interest-bearing bank and other borrowings		**12,284,883**	8,775,972
Loan from a non-controlling shareholder		**—**	2,137,904
		13,800,799	12,266,004
Liabilities directly associated with the assets classified as held for sale	*10*	**3,607,196**	—
Total current liabilities		**17,407,995**	12,266,004
NET CURRENT ASSETS/(LIABILITIES)		**(5,688,957)**	5,457,786
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,062,836**	26,017,278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2020

	2020 *HK$'000* (Unaudited)	2019 *HK$'000* (Audited)
NON-CURRENT LIABILITIES		
Other payables	**41,099**	42,850
Interest-bearing bank and other borrowings	**897**	6,589,225
Deferred tax liabilities	**20,173**	20,581
Total non-current liabilities	**62,169**	6,652,656
Net assets	**13,000,667**	19,364,622
EQUITY		
Equity attributable to owners of the Company		
Share capital	**699,065**	699,065
Reserves	**12,301,602**	18,672,685
	13,000,667	19,371,750
Non-controlling interests	**—**	(7,128)
Total equity	**13,000,667**	19,364,622

NOTES

1. CORPORATE AND GROUP INFORMATION

Goldin Financial Holdings Limited (the "**Company**") is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 25/F, Goldin Financial Global Centre, 17 Kai Cheung Road, Kowloon Bay, Hong Kong.

The Company is a subsidiary of Goldin Global Holdings Limited, which is incorporated in the British Virgin Islands ("**BVI**"). In the opinion of the directors, the Company's ultimate holding company is Goldin Real Estate Financial Holdings Limited, a company incorporated in the BVI.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries during the year consisted of the provision of factoring services, financial investment, winery and wine related business, property development and investment and operation of restaurants.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and vines, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19 and HKAS 28, and *Annual Improvements to HKFRSs 2015–2017 Cycle* which are not relevant to the preparation of the Group's financial statements, the nature and impact of the new HKFRSs are described below:

HKFRS 16 ***Leases***

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Accordingly, HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 July 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 July 2019, and the comparative information for 30 June 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for leasehold land, office properties and warehouses. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the risks and rewards of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for an elective exemption for leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 July 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 July 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019 and included in accruals and other payables. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 July 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets as part of the elements of property, plant and equipment in the consolidated statement of financial position.

As at 1 July 2019, the right-of use assets also included the prepayment for a leasehold land of HK$45,277,000 that was reclassified from prepaid land lease payments and prepayments, other receivables and other assets.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in "Investment properties" and measured at fair value, the Group has continued to include them as "Investment properties" at 1 July 2019. They continue to be measured at fair value applying HKAS 40.

The Group has applied the short-term lease exemption to leases with a lease term that ends within 12 months from the date of initial application when applying HKFRS 16 at 1 July 2019.

Financial impact at 1 July 2019

The impact arising from the adoption of HKFRS 16 as at 1 July 2019 was as follows:

	Increase/ (decrease) *HK$'000* (Unaudited)
Assets	
Right-of-use assets (included under property, plant and equipment)	46,658
Prepaid land lease payments	(44,007)
Prepayments, other receivables and other assets	(1,270)
Total assets	1,381
Liabilities	
Accruals and other payables	1,381
Total liabilities	1,381

The lease liabilities as at 1 July 2019 reconciled to the operating lease commitments as at 30 June 2019 are as follows:

	HK$'000 (Unaudited)
Operating lease commitments as at 30 June 2019	4,251
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 30 June 2020	(2,817)
	1,434
Weighted average incremental borrowing rate as at 1 July 2019	4.75%
Lease liabilities as at 1 July 2019	1,381

3. REVENUE

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

	2020 ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Audited)
Revenue from contracts with customers		
Sale of wines	**80,888**	207,087
Restaurant operations	**66,027**	68,334
Provision of wine storage services	**10,087**	23,154
Property management and related income	**35,726**	31,718
Project management fee income	**30,729**	5,544
	223,457	335,837
Interest income		
Interest income from factoring services	**203,323**	138,877
Revenue from other sources		
Gross rental income from investment property operating leases — with fixed lease payments	**162,307**	129,316
	589,087	604,030

4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Depreciation of owned assets	68,186	67,858
Less: Amount included in inventory overheads	(4,296)	(4,389)
	63,890	63,469
Depreciation of right-of-use assets		
(2019: Amortisation of land lease payments)	3,470	1,283
Amortisation of intangible assets	916	919
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	151,906	150,520
Retirement benefit scheme contributions	3,890	3,505
Less: Amount capitalised	(6,626)	(22,989)
	149,170	131,036

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest on bank and other borrowings	**1,598,783**	1,801,692
Interest on lease liabilities	**282**	—
Less: Interest capitalised	**(571,613)**	(1,206,979)
	1,027,452	594,713
Finance costs on early repayment of bank and other borrowings	**—**	178,579
	1,027,452	773,292

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 of assessable profits of this subsidiary was taxed at 8.25% and the remaining assessable profits were taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current — Hong Kong		
Charge for the year	**—**	6,809
Overprovision in prior years	**(90)**	(602)
Current — Elsewhere		
Charge for the year	**53,650**	26,345
Deferred		
Charge for the year	**(17,986)**	204
Tax charge for the year	**35,574**	32,756

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/loss per share amount is based on the profit/loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of 6,990,652,000 in issue during the year ended 30 June 2020 (2019: 6,990,652,000).

The calculation of the diluted earnings/loss per share amount is based on the profit/loss for the year 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 year, which was used in the basic earnings/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 year ended 30 June 2020 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.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	**(6,097,690)**	6,255,025

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**6,990,652,000**	6,990,652,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**—**	19,031,000
Weighted average number of ordinary shares in issue during the year used in the diluted earnings/(loss) per share calculation	**6,990,652,000**	7,009,683,000

8. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**3,911,811**	3,974,910
Impairment	**(24,956)**	(6,295)
	3,886,855	3,968,615

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than 121 days	**2,712,134**	3,655,553
121 to 150 days	**912,689**	4,631
151 to 180 days	**3,777**	1,699
181 to 365 days	**38,567**	142,047
Over 1 year	**219,688**	164,685
	3,886,855	3,968,615

9. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than 121 days	**295,428**	385,899
121 to 150 days	**107,393**	973
151 to 180 days	**912**	—
181 to 365 days	**1,728**	1,648
Over 1 year	**11**	11
	405,472	388,531

Trade payables are non-interest-bearing and the payment terms are stipulated in the relevant contracts.

10. ASSETS/LIABILITIES OF A DISPOSAL GROUP

On 10 May 2020, the Group entered into a sale and purchase agreement (the "**GF SPA**") with an independent third party to dispose of its entire equity interest in Gold Flair Holdings Limited ("**Gold Flair**"), the holding company of Rich Fast International Limited (collectively the "**GF Group**"), and the related shareholder's loan at an aggregate consideration of HK$7,040 million. Further details of the disposal are set out in the Company's announcement dated 10 May 2020.

The assets and liabilities of the GF Group (excluding inter-company loans and amounts due from/to group companies which are eliminated on consolidation) as at 30 June 2020 are as follows:

	HK$'000 (Unaudited)
Assets	
Properties under development	7,000,000
Prepayment	2
Pledged deposits	23
Assets classified as held for sale	7,000,025
Liabilities	
Trade payables	9,032
Accruals and other payables	34,935
Interest-bearing bank borrowing	3,563,229
Liabilities directly associated with the assets classified as held for sale	3,607,196
Net assets directly associated with the disposal group	3,392,829

Subsequent to the end of the reporting period, on 17 July 2020, the GF SPA was terminated and, on 27 July 2020, the Group further entered into another sale and purchase agreement (the "**RF SPA**") and a profit sharing agreement (the "**Profit Sharing Agreement**") with an independent third party for the disposal of the entire equity interest in Rich Fast International Limited at a cash consideration of approximately HK$3,477 million. Further details of the RF SPA and the Profit Sharing Agreement are set out in the Company's announcement dated 28 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For FY2020, the Group recorded revenue of approximately HK$589.1 million, representing a slight decrease of 2.47% from the revenue of approximately HK$604.0 million for the year ended 30 June 2019 ("**FY2019**"). The decrease in revenue was mainly attributable to the significant drop in revenues from the wine and related businesses, which the drop was however, largely offset by the increase in revenues generated by the Group's real estate businesses and the factoring business. Gross profit for the year amounted to HK$437.7 million, decrease by 4.6% compared with that of HK$459.0 million in FY2019. The decrease in gross profit was mainly attributable to the drop in revenues from the wine and related businesses for the year. The Group recorded a substantial loss attributable to owners of the Company of HK$6,097.7 million for FY2020 as compared to a profit of HK$6,255.0 million for the last year. The substantial loss for FY2020 was mainly attributable to the Group's (i) write-down of its properties under development in relation to the Kai Tak residential project of approximately HK$2,786.4 million; (ii) decrease in the fair value of the investment properties of approximately HK$2,195.9 million (as compared with an increase of approximately HK$1,299.7 million for the FY2019) as a result of the decline in prices and rental yields in the Hong Kong properties market; (iii) impairment loss on certain property, plant and equipment of the Group of approximately HK$147.4 million which was mainly caused by the review of recent business performance of the Group's wine and related businesses; (iv) non-recurrence of gain on disposal of subsidiaries of approximately HK$5,727.9 million incurred during the FY2019 and (v) increase in finance and related costs of approximately HK$254 million incurred for certain existing borrowings. The write-down of properties under development is an one-off event, and the fair value loss and the impairment loss is non-cash item. The Group will continue to look out for opportunities to realise the value of its assets and to reduce the existing borrowings and enhance its financial flexibility.

BUSINESS REVIEW

The FY2020 was a challenging year for the Group. Business performance of all our core segments is under pressure due to the crippling effects of the social unrest and the coronavirus pandemic.

Real Estate Business

Property Investment

In 2020, the COVID-19 pandemic aggravated the economic risks in Hong Kong further from the ongoing sociopolitical unrest since June 2019. Leasing demand for Grade-A offices in the city softened. Corporates were more cost-conscious, with some MNCs, trading firms and co-working operators continued to downsize during the year, pushing up the overall vacancies of the city to 8.8% at end of June 2020. The leasing rentals had declined across the traditional central business district ("**CBD**") and office sub-markets where both Hong Kong Island and Kowloon reported a year-on-year drop of 10.1% and 11.4% respectively#. Meanwhile, the trend of office decentralization from the CBD to the lower rents office submarkets, particularly Kowloon East as the prominent alternative central business district ("**CBD2**"), was steady for the FY2020.

Source: Market statistics of CBRE, JLL and Savills (Q2 2020)

The Group's investment properties, Goldin Financial Global Centre, which is located in the CBD2, Kowloon East, is a premium Grade-A office building. It provides approximately 800,000 square feet (sq.ft.) of premium office space and approximately 100,000 sq.ft. of fine dining area. In FY2020, rental income, revenue from property management services and project management services amounted to HK$228.8 million (FY2019: HK$166.6 million), up by 37.3% compared with FY2019. The general decline in market rents and the weak investor sentiment affected the valuation of the commercial properties in Hong Kong. As a result, the Group recorded a fair value decrease of approximately HK$2,195.9 million for Goldin Financial Global Centre (as compared with an increase of approximately HK$1,299.7 million for FY2019). The property business segment recorded a loss of HK$4,865.4 million in the current year, against a profit of HK$1,336.8 million for FY2019.

In late September 2019, the Company announced the proposed acquisition of the entire issued share capital of Solar Time Developments Limited ("**Solar Time**") at the consideration of HK$4,598 million (the "**Solar Time Acquisition**"). Solar Time held the entire equity interests in Goldin Financial Global Square Limited, which holds the land site known as New Kowloon Inland Lot No.5948, 7 Wang Tai Road, Kowloon Bay that will be redeveloped into a Grade-A office building. The Solar Time Acquisition was approved by shareholders of the Company in the Special General Meeting held on 18 December 2019. The proposed acquisition has yet to be completed.

Property Development

The Group acquired, by way of a government tender, 60% interest in its Kai Tak residential development project (the "**Development**") through its indirectly 60% owned subsidiary, Rich Fast International Limited ("**Rich Fast**") in December 2018. The Development is located at Kai Tak Area 4B Site 4, Kai Tak, Kowloon with a maximum developable gross floor area of 53,394 sq.m. The formulation of development plan had been underway and the Development was scheduled to be completed on or before 30 September 2024. During the FY2020, the Group completed the acquisition of the remaining 40% equity interest in the Development and become the sole developer of the Development.

With the rising challenge of the business environment brought by the weakening of global economy and the decline of economic activities in Hong Kong, showing signs of economic contraction, the property development market in Hong Kong became uncertain in the long run. To take into account the significant capital required for the Development in its preliminary stage, the Group adopted a prudent approach by planning to dispose of the Development so as to retain more cash for the Group's existing business, and to offset negative impact of the uncertainties in the property market and the overall economic downturn in Hong Kong. On 10 May 2020, the Group entered into a sale and purchase agreement (the "**GF SPA**") to dispose of its entire equity interest in Gold Flair Holdings Limited ("**Gold Flair**"), the holding company of Rich Fast and the related shareholder's loan at an aggregate consideration of HK$7,040 million. The Group intended to apply the proceeds from the disposal of the Development to reduce the Group's borrowings, thereby enhancing its financial flexibility. Further details of which are set out in the Company's announcement dated 10 May 2020. Based on a valuation performed by an independent valuer, the Group recorded a write-down of properties under development amounted to HK$2,786.4 million as at 30 June 2020 as a result of the decline in prices of residential land in Hong Kong.

Subsequent to the FY2020, the GF SPA was terminated and, on 27 July 2020, the Group further entered into a sale and purchase agreement and a profit sharing agreement with an independent third party to dispose of the entire equity interest in Rich Fast at a cash consideration of approximately HK$3,477 million. The disposal was completed on 27 July 2020 and the bridging loan associated with the acquisition of the Kai Tak land of approximately HK$3,563.2 million was derecognised upon the disposal of Rich Fast. The profit sharing agreement provides a mechanism for the Group to share the potential upside in the Development if the future sale prices of the units exceed the target agreed with the purchaser. Please refer to the announcements of the Company dated 23 July 2020, 28 July 2020 and 30 July 2020, respectively for further details.

Wine and Related Businesses

Based on the latest information of OIV (International Organisation of Vine and Wine), the global wine trade in the first half of 2020 was delicate due to the pandemic impacts. This saw the unprecedented halts at the logistics points like ports and airports, and at the points of consumption such as cafes, bars and restaurants. As a result, the world wine trade simultaneously shrank, and the global wine merchants tend to deplete their wine stock in the near term.

The China's wine market became mellow following the nationwide shutdown measures in order to battle with the pandemic outbreaks. The volume and value of the total wine imports for the first six months of 2020 fell 31.7% and 34.8% respectively (source from 華經情報網). Meanwhile, the persistent uncertainties in the China-US trade tensions and the economic contraction brought by the global pandemic had dampened the investment sentiment for the Chinese investors and wine collectors in premium wines, especially the American wines on which the retaliatory tariff increased to 93% in 2019 due to the trade war between the two countries. Facing these headwinds, the Group recorded a significant drop in revenue from its wine trading business during the FY2020.

In FY2020, the wine and related businesses recorded revenues (including income in the form of storage fees and income from the restaurant operations) of approximately HK$157.0 million (FY2019: HK$298.6 million), which represented a decrease of 47.4%. The drop was mainly due to the loss in revenue generated by the wine trading business during FY2020. The Group traded its premium wines at a much lower profit margin in the year and thus brought the overall gross profit margin for the wine and related businesses dropped to 53.0% as at the end of FY2020 against the figure of 75.5% for the last year. Given the significant drop in the business performance of the wine and related businesses during the year, impairment assessments were performed for each cash-generating unit within this segment. The Group recognized an impairment loss on certain property, plant and equipment in respect of the Group's wine cellar and the restaurant operation in an aggregate amount of approximately HK$147.4 million as a result of the review of their business performance. Coupled with this, the wine and related businesses reported a loss for this segment of approximately HK$219.7 million for FY2020, in contrast to the profit of approximately HK$47.3 million for FY2019.

Factoring

The global trade has been disrupted by the pandemic outbreaks as many countries imposed border closure measures. According to the World Bank forecasts, it is expected that the global economy will contract sharply by 5.2% for the year, and shall experience the largest declines in per capita output in over a century.

The escalating China-US trade tensions as well as the exchange rate fluctuation significantly increased the credit risk for the small and medium-sized enterprises ("**SMEs**") in China. Traditional banks tightened their credit policy toward the SMEs, driving them to turn to other avenues for financing, such as shadow banks to obtain necessary funds for their business at a higher borrowing cost. Amid the credit crunch, the Group had increased the handling fees and interests charged to its factoring clients.

The factoring business of the Group recorded a 46.4% increase in revenue to approximately HK$203.3 million for FY2020 (FY2019: HK$138.9 million). The increase was mainly due to the increased fees and interests charged to the factoring clients in the current year. Profit from this business segment increased by 39.1% to approximately HK$157.6 million, compared with the HK$113.3 million for FY2019, which was mainly due to the increase in factoring revenues. On the other hand, as factoring business is highly capital intensive, the Group took out a working capital loan in late May 2019 to finance its factoring operations. As a result, the funding costs for the Group's factoring business in FY2020 had increased significantly to HK$177.0 million (FY2019: HK$15.2 million), rendering the factoring business to report a net loss of HK$68.2 million against a net profit of HK$55.5 million for FY2019.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing

As at 30 June 2020, the Group was in a net current liabilities position of approximately HK$5,689.0 million, as compared to the net current assets of approximately HK$5,457.8 million recorded at the end of FY2019. This was mainly because an aggregate amount of HK$6,800 million two-year senior notes drawn down in FY2019 was classified as current liabilities as at 30 June 2020 when the Group breached certain financial covenants of these bank borrowings, which primarily related to the occupancy rate of the Group's investment properties and the debt service coverage ratio (see further disclosure in the section headed "**MATERIAL LITIGATION**"). Cash and cash equivalents and pledged bank deposits totalled approximately HK$37.3 million, down by 99.1% compared with the HK$4,231.0 million at the end of FY2019, which was mainly due to the cash used in the investing and financing activities, which included general expenses, finance costs and payment for committed transaction of the Group.

As at 30 June 2020, the Group's interest-bearing bank and other borrowings (including the bridging loan in relation to the Kai Tak residential development project of approximately HK$3,563.2 million grouped under liabilities directly associated with the assets classified as held for sale) amounted to approximately HK$15,849.0 million (30 June 2019: HK$15,365.2 million). The slight increase was mainly due to the amortization of upfront fees incurred for the arrangement of bank and other borrowings. As aforementioned in the Business Review section, the bridging loan in relation to the Kai Tak residential development project was derecognised upon the disposal of Rich Fast in July 2020.

The Group maintained a borrowing facility of US$500 million (equivalent to HK$3,875.1 million) (30 June 2019: US$500 million (equivalent to HK$3,906.0 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.

As at 30 June 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, increased to 52.0% (30 June 2019: 40.1%). The ratio of net debts (Total Debts net of cash and cash equivalents and pledged bank deposits) divided by total assets was approximately 51.9% (30 June 2019: 29.1%).

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 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.

MATERIAL LITIGATION

On 13 July 2020, in connection with certain indebtedness owed by Smart Edge Limited ("**Smart Edge**") (an indirect wholly-owned subsidiary of the Company) in relation to certain floating rate senior secured notes issued by Smart Edge on 9 April 2019 (the "**Notes**"), Smart Edge received notifications concerning the appointment of Cosimo Borrelli ("**Mr. Borrelli**") and Ma Siu Ming Simon ("**Mr. Simon Ma**") as joint and several receivers and managers over the security assets provided under the Notes, 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 existing directors of Smart Edge (the "**Lawfully Appointed Directors**"). On 14 July 2020, Matsunichi Goldbase Limited, the Lawfully Appointed Directors and the Company commenced legal proceedings in the High Court of Hong Kong against the appointment of Mr. Borrelli, Mr. Simon Ma and Ms. Jocelyn Chi in their respective capacities as receivers and directors of Smart Edge (correspondingly, the "**Matsunichi Action**", the "**Lawfully Appointed Directors' Action**" and the "**Company Action**"). On 24 July 2020, Smart Edge (at the direction of Mr. Borrelli, Mr. Simon Ma, and Ms. Jocelyn Chi) issued a writ against the Lawfully Appointed Directors which initiated proceedings (the "**HCA Actions**", together with the Lawfully Appointed Directors' Action, the "**Smart Edge Applications**") seeking certain orders as set out in detail in the announcement of the Company dated 28 July 2020. The Smart Edge Applications are fixed to be heard together on 29 October 2020.

On 14 September 2020, Mr. Borrelli and Mr. Simon Ma took out a further originating summons for orders in respect of their alleged powers as receivers over Smart Edge pending the determination of the Smart Edge Applications on 29 October 2020. On 25 September 2020, the Court held, inter alia, that pending determination of the Smart Edge Applications, (i) Mr. Borrelli and Mr. Simon Ma are entitled to exercise rights and powers granted to them under the security documents in respect of the Notes unless and until they are lawfully removed from office by an order of the Court or otherwise; and (ii) Mr. Borrelli, Mr. Simon Ma and Ms. Jocelyn Chi are the only directors of Smart Edge until lawfully removed from office by an order of the Court or otherwise. As of 30 September 2020, no hearing date has been fixed for the Matsunichi Action or the Company Action, respectively.

CONTINGENT LIABILITIES

As at 30 June 2020, the facilities granted to certain subsidiaries of the Company engaging in the businesses of property development, property investment and provision of factoring services, which are subject to guarantees given to the banks and financial institution by the Company for up to 60% and 100% (30 June 2019: 60% and 100%) of the funds drawn down, had been utilized to the extent of HK$14,316.1 million (30 June 2019: HK$14,330.5 million).

PLEDGE OF ASSETS

As at 30 June 2020, the Group's secured bank and other borrowings were secured by the following assets of the Group:

(i) the investment properties with an aggregate carrying value of HK$16,300 million;

(ii) the properties under development which reclassified to Liabilities directly associated with the assets classified as held for sales with an aggregate carrying value of HK$7,000 million;

(iii) floating charges over all assets and entire shares capital of Smart Edge, Cheng Mei Holdings Limited, Goal Eagle Limited, Rich Fast, Goldin Factoring Limited, Goldin Logistic (Hong Kong) Limited; and

(iv) entire shares capital of Goldin Logistics Holdings Limited, Goldin Factoring Holdings Limited, Gold Podium Limited, Dynasty Select Limited, Country Lofty Limited, Eagle Dynasty Investments Limited, Goldcourt International Limited, Goldin Factoring (China) Development Limited.

PROSPECT

The overall business environment in Hong Kong and China is expected to remain challenging in the short term. The adverse impacts to economies brought by the outbreak of COVID-19 pandemic and the uncertainties arising from the escalating trade tensions between China and the United States of America is expected to continually cause pressure on the Group's businesses. In such turbulent time, the Group will adhere to a prudent approach to manage its business and strategies.

In July 2020, the Company disposed the holding of the Kai Tak residential development project. This disposal immediately brought in fresh capital to the Group and relieved the Group from the future business and financial risks associated with the development of project.

In view of the rising of capital cost and risks exposure in relation to the factoring operation, the Group decided to disposed of the factoring business and re-allocate the management and financial resources of the Group to strengthen its remaining business. On 2 September 2020, the Group entered into a legally binding conditional term sheet with an independent third party to dispose of the factoring operation at a cash consideration of approximately HK$2,050 million. The disposal is expected to be completed in December 2020. The disposal would result in derecognition of bank borrowing from the factoring subsidiary which, together with the proceeds arising therefrom, would help strengthen the financial flexibility of the Group as a whole. Further details of which are set out in the Company's announcement dated 4 September 2020.

On 29 September 2020, the Company entered into a provisional sale and purchase agreement with an independent third party to conditionally sell and assign the entire issued share capital of Cheng Mei Holdings Limited ("**Cheng Mei**") and Goal Eagle Limited ("**Goal Eagle**") and the debts owing by them to the Group at an aggregate consideration of HK$14.3 billion. Cheng Mei and Goal Eagle altogether hold 100% issued share capital of Smart Edge Limited, which in turns holds the Group's investment properties, Goldin Financial Global Centre. Further details relating to the aforesaid agreement and the transaction contemplated thereunder will be set out in the Company's announcement to be published in due course.

While the Group continues to dedicate its efforts to maximise returns to shareholders, it will closely monitor the market sentiment, evaluate its business and opportunities on hand and make appropriate adjustments accordingly. The Group may also consider to pursuit opportunities for further business developments or realise its assets if thought fit with a view to enhancing its financial flexibility.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2020, the Group employed a total of 315 employees (as at 30 June 2019: 306). Total staff costs were approximately HK$155.8 million (30 June 2019: approximately HK$154.0 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 in order to achieve the Group's business performance targets.

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

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company strives to uphold recognized corporate governance practices to enhance the long-term benefits and interests of the shareholders of the Company and to strengthen the Group's performance. Throughout the year ended 30 June 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 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.

Pursuant to paragraph E.1.2 of the Code Provisions, the chairman of the board should attend the annual general meeting. Due to other business engagements, the Chairman of the Board was unable to attend the 2019 AGM. There were other executive Directors and the independent non-executive Directors present at the meeting for the question-and-answer session to ensure effective communication with the shareholders of the Company.

REVIEW OF UNAUDITED ANNUAL RESULTS

As at the date of this announcement, the auditing process for the annual results for the year ended 30 June 2020 has not been completed. Due to the outbreak of COVID-19 in USA and France, for which the Group's wineries are located and precautionary measures in place therein, the provision of information by the Group to auditors for their audit work, including for impairment assessment of wine and related segment of the Group and subsequent review procedures, has been delayed. Apart from that, travel restriction and quarantine policies in force in parts of the PRC and Hong Kong to curb the COVID-19 caused delay in the provision of information for the audit work for the wine and factoring segment as well.

As such, the unaudited annual results contained in this announcement have not been agreed with the Company's auditor as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited annual results for the year ended 30 June 2020 will be made when the auditing process is completed by the Company's auditor in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results for the year ended 30 June 2020 have been reviewed by the audit committee of the Company. The Company will continue to work with its auditor with a view to approving and publishing the audited annual results of the Group for the year ended 30 June 2020.

PUBLICATION OF FURTHER ANNOUNCEMENT(S), THE FINAL RESULTS AND ANNUAL REPORT

The unaudited results announcement is published on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) and the Company (www.goldinfinancial.com). Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited annual results of the Group for the year ended 30 June 2020 as agreed by the Company's auditor material differences (if any) as compared with the unaudited annual results contained herein.

In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process. The Company expects the annual results of the Group for the year ended 30 June 2020 that have been agreed with the auditors will be published on or before 31 October 2020. The annual report of the Company for the year ended 30 June 2020 is expected to be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course and, in any event, not later than 30 November 2020.

The financial information contained herein in respect of the unaudited annual results of the Group for the year ended 30 June 2020 have not been agreed with the auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 September 2020

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; Mr. Ma Lai Chee, Gerald (Vice Chairman) as the Non-executive Director; 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*