



Interim Report
2018/19



金粵控股有限公司
Rich Goldman Holdings Limited

(Incorporated in Hong Kong with limited liability)
stock code: 00070

Rich Goldman Holdings Limited



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors:

Mr. Danny Xuda Huang
Mr. Lin Chuen Chow, Andy
Ms. So Wai Yin

Non-executive director:

Mr. Nicholas J. Niglio

Independent non-executive directors:

Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Ms. Yeung Hoi Ching

COMPANY SECRETARY

Mr. Cheung Yiu Chung

AUDIT COMMITTEE

Mr. Cheung Yat Hung, Alton (*Chairman*)
Mr. Yue Fu Wing
Ms. Yeung Hoi Ching

REMUNERATION COMMITTEE

Mr. Cheung Yat Hung, Alton (*Chairman*)
Mr. Yue Fu Wing
Mr. Nicholas J. Niglio

NOMINATION COMMITTEE

Mr. Danny Xuda Huang (*Chairman*)
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing

AUDITOR

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Bank of Communications
Company Limited
Industrial And Commercial
Bank of China Limited Macau Branch

LEGAL ADVISORS

Tung, Ng, Tse & Lam

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Rooms 1712-16, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Room 1807, 18/F
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COMPANY WEBSITE

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STOCK CODE

00070



Rich Goldman Holdings Limited

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (“the “Board”), I am pleased to present the interim report and unaudited interim financial results of Rich Goldman Holdings Limited (“the Company”) and its subsidiaries (“the Group”) for the period ended 31 December 2018.

2018 was marked by the concerns over the worldwide impact arising from the US-China trade war. Diversification across different kinds of assets is one of the ideal way to invest when market conditions remain volatile. It is the current investment strategy implemented by the Group since 2017. We had fulfilled our promise for our shareholders to look for viable investment opportunities by stepping into money lending industry and hotel industry. Our commitment to deliver stable and durable returns for our shareholders had also been realized with the contribution of income streams derived from these two newly established segments. Excellent financial performance had been consecutively achieved during recent financial years. In particular, the net profits and total comprehensive income attributable to owners of the Group had increased from net profit of HK\$7.3 million for the period ended 31 December 2017 to net profit of HK\$14.4 million for the period ended 31 December 2018. Our current balanced investment portfolio reduces our exposure to market volatility and it is one of the keys to mitigate risk and to achieve stable and durable investment returns during previous and current financial years.

Looking forward, we are pleased to witness the similar diversifying strategy implemented by Macau government over its economy for the sake of shifting the responsibility of gambling market for its dominating role of upholding the economy in Macau. Macau government are increasingly offering various entertainment options to boost the number of visitors. Recent statistics had demonstrated the positive impact brought by this diversifying strategy to gaming market in Macau which continues to flourish for 2 consecutive years after the slump in 2015 and 2016. Together with the completion of remarkable infrastructure projects during late-2018 including Hong Kong-Zhuhai-Macau Bridge and the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong High Speed Rail, the linkage and visits between cities in the Greater Bay Area will be strengthened significantly. This greater connectivity will certainly bolster the sustainability and performance of all of our existing involved business segments.

Rich Goldman Holdings Limited



While we continue to apply our managerial expertise on maintaining the profitable existing businesses, other viable investment opportunities will continue to be explored to enrich our revenue stream. We understand our obligation and will strive for making 2019 another successful year for our investors. In view of the excellent performance achieved in 2018, I am thankful of the faithful support of our customers and business partners and also the dedicated efforts made by our staff. Thank you all.

Danny Xuda Huang

Chairman of the Board

Hong Kong, 22 February 2019



Rich Goldman Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's underlying profit attribute to Company's shareholders for the six months ended 31 December 2018, amounted to approximately HK\$14.4 million (2017: profit of HK\$7.3 million); Underlying earnings per shares were HK\$0.02, a slight increase from corresponding period last year of earnings per shares of HK\$0.01.

BUSINESS OVERVIEW

After the slump in 2015 and 2016, gaming industry in Macau extended its recovery period to over 2 consecutive financial years since 2016. Macau's gambling market enjoyed a double-figure increase for the entire year, according to figures released by Macau's Gaming Inspection and Coordination Bureau. In particular, the gaming revenue had reached approximately HK\$148,183 million for the six months ended 31 December 2018, representing a considerable increase of 9.5% over that for the six months ended 31 December 2017. It is a combined result of the opening of numerous new entertainment facilities in Macau and the Hong Kong-Zhuhai-Macau Bridge for traffic during 2018. The number of visitors are expected to surge in the upcoming future that the positive long-term impact of Hong Kong-Zhuhai-Macau Bridge has yet to come.

Our group had commenced the hotel operation business and money lending business in Hong Kong in 2017 to diversify our income stream to mitigate the risk arising from volatile gambling market condition in Macau. Positive results had been achieved for both segments for two consecutive years. The consistently strong performance in hotel operation business was in line with the publicly published statistics reporting that the overnight tourist arrivals to Hong Kong and the average hotel room occupancy rate had increased by 4.5% and 2% in 2018 respectively when compared with that in 2017. There is still considerable room for improvement of the visitor numbers as the long term impact of the opening of Guangzhou-Shenzhen-Hong Kong Express Rail link and Hong Kong-Zhuhai-Macau Bridge has yet to be fully reflected in the statistics.

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MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS OVERVIEW *(continued)*

Looking forward, our group will continue our policy to expand those profitable existing businesses while continue to explore other viable investment opportunities to diversify our revenue stream and ensure sustainable growth. We are optimistic about the market conditions of our existing involved segments in the future with the completion of remarkable infrastructure projects during 2018, which enhances the visits and connection between the cities in the Greater Bay Area region.

GAMING AND ENTERTAINMENT BUSINESS

Though losing the income stream from two terminated gaming promotion agreements between Venetian Macau Limited and our Junket Operators, the revenue from commission on rolling turnover had recorded approximately HK\$48 million for the six months ended 31 December 2018, representing a slight increase of HK\$1 million or 1% when compared with HK\$47 million for the same period in 2017. The increase is in line with the statistics data about the gaming revenue in Macau released by Macau government during the period. The tourists from mainland still dominates the source of gaming customers in Macau and the trend had been intensified by the completion of better infrastructure connecting Macau and other cities in the Greater Bay Area region during 2018. A flood of tourists are expected to be brought to Macau in the upcoming future by the shortened travelling time and closer connection. We are optimistic on the Macau gaming industry given the potential growth of number of visitors in the future. The Group would continue to monitor closely the performance of the Junket Operator and it is intended to continue to engage in the gaming sector in Macau through the Junket Operator.

The long overdue debt from our business partners had been consistently collected in accordance with an agreed repayment schedule during the six months ended 31 December 2018, which can be shown from the fact that our debts over 365 days had been decreased to HK\$28 million as at 31 December 2018 when compared to HK\$50 million as at 30 June 2018. It provides us with extra funds to expand our profitable existing segments while explore other viable investment opportunities.



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MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

MONEY LENDING BUSINESS

After implementing the strategy of diversifying income stream, our Group had continue to strategically allocate funds to expand our money lending business. We have the ability to offer flexible and competitive loan package to our customers with the healthy financial capability of our Group. As a result, the total loan principal lent to our customers as at 31 December 2018 amounted to approximately HK\$313 million, a considerable increase when compared to that of HK\$252 million as at 30 June 2018. Revenue generated from the money lending business surged from approximately HK\$4.9 million for the six months ended 31 December 2017 to HK\$9.8 million for the six months ended 31 December 2018. We have a comprehensive internal control system to closely monitor the overall operations and compliance. The loan package are granted to our customers under a detailed risk assessment. No default history had been recorded from our customers. All of these indications and excellent financial performance demonstrate our effective management on the overall operation of our money lending business.

With our strong financial capability and effective management, our Group has both the potential and the ability to further expand our money lending business and broadening our customer base. It is our group's intention to keep developing the money lending business.

HOTEL OPERATION

With the expectation of the rise in visitor numbers resulting from closer connection with mainland, the Group had stepped into the hotel industry in 2017. The underlying profit before taxation generated from the hotel operation business amounted to approximately HK\$4 million for the six months ended 31 December 2018, representing a considerable increase of 35% when compared to the financial performance generated during the comparable period. The strong improvement of the financial performance of the hotel, namely Harbour Bay Hotel, since our acquisition in 2017 indicates our management's ability to add value on a business and to look for wise investment portfolio which can deliver stable and durable returns for our shareholders.

We have a positive view on the tourism market in Hong Kong. Our group will keep developing the hotel operation business and take advantage of the closer connection and business partnership with the Mainland.

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MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PURCHASES, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 31 December 2018 (2017: HK\$ Nil).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had net current assets of approximately HK\$823 million as at 31 December 2018 (30 June 2018: HK\$898 million). We have currently no other external funding source, and therefore resulting nil borrowings as at 31 December 2018 (30 June 2018; HK\$ nil million). The total equity of the Group as at 31 December 2018 was HK\$1,183.7 million (30 June 2018: HK\$1,225.9 million). The gearing ratio, calculated on the basis of total debts over total equity attributable to equity shareholders as at 31 December 2018 was nil, (30 June 2018: nil). The total current liabilities of the Group as at 31 December 2018 were HK\$9.3 million (30 June 2018: HK\$7.2 million).

PLEDGE OF GROUP'S ASSETS

As at 31 December 2018, the Group's has no pledged leasehold and building (30 June 2018: nil).

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CODE

The Board of Directors (the "Board") are committed to the maintenance of good corporate governance practices and procedures. The Corporate Governance principles of the Company emphasis a quality Board, sound internal controls, and transparency to all shareholders.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout six months ended 31 December 2018.



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CORPORATE GOVERNANCE REPORT *(continued)*

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiries, all Directors have confirmed that they have complied with Model Code throughout the Period.

AUDIT COMMITTEE

The Company has established the audit committee ("Audit Committee") on 29 August 2001 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provision of CG Code. The Audit Committee comprises of three Independent Non-executive Directors, namely Mr. Cheung Yat Hung, Alton (Chairman of audit committee), Ms. Yeung Hoi Ching and Mr. Yue Fu Wing.

The Audit committee has reviewed the accounting principles and practices adopted by the Group and supervised financial reporting system and internal control procedures.

It also reviews the relationship with the external auditor of the Company.

The Audit Committee has reviewed the Group's interim results for six months ended 31 December 2018 with the management.

REMUNERATION COMMITTEE

In compliance with CG Code, the Company established its remuneration committee ("Remuneration Committee") on 1 April 2008. With a majority of the members thereof being Independent Non- executive Directors. The Remuneration Committee comprises the Non-executive Director, Mr. Nicholas J. Niglio and two Independent Non-executive Directors, namely Mr. Cheung Yat Hung, Alton (Chairman of the Remuneration Committee) and Mr. Yue Fu Wing.

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

I. Shares

As at 31 December 2018, none of the directors and their associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Future Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

II. Options

The Company operates a share option scheme (the "Scheme") under which the directors may, at their discretion, grant options to employees, including any of the directors of the Company, to subscribe for shares in the Company, subject to the stipulated terms and conditions.

Share options of the Company

Name of directors	Number of ordinary share options held	Percentage of outstanding options as at 31 December 2018
Mr. Danny Xuda Huang	4,178,000	33.33%
Mr. Nicholas J. Niglio	4,178,000	33.33%
Mr. Lin Chuen Chow, Andy	4,178,000	33.33%

Save as disclosed above, none of the Company's directors and chief executives or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period ended 31 December 2018.



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SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSABLE UNDER THE SFO

At 31 December 2018, according to the information available to the Company, substantial shareholders of the Company and other persons who had interests in 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Name of shareholders	Long/ short position	Number of ordinary shares held	Percentage of shares held
Miss Lin Yee Man	Long	205,125,000	29.62%
Mr. Wong Yau Shing	Long	108,000,000	15.6%

Save as disclosed above, no person had registered an interest of 5% or more of the share capital of the Company that was required to be recorded under Section 336 of the SFO as at 31 December 2018.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 31 December 2018 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

Rich Goldman Holdings Limited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2018

	Notes	For the six months ended 31 December	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue	3	70,628	64,238
Cost of services provided		(7,272)	(7,256)
Other income		3,449	2,061
Other gains and losses		328	(62)
Write back of provision for impairment losses on financial assets, net	5	2,082	17,500
Amortisation of intangible assets	10	(34,050)	(44,188)
Administrative expenses		(5,681)	(6,744)
Profit from operations		29,484	25,549
Share of profits of an associate		832	738
Finance costs	4	–	(208)
Profit before taxation	5	30,316	26,079
Income tax expense	6	(2,236)	(1,396)
Profit and total comprehensive income for the period		28,080	24,683

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

For the six months ended 31 December 2018

		For the six months ended 31 December	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Attributable to:			
– Owners of the Company		14,426	7,256
– Non-controlling interests		13,654	17,427
<hr/>			
Profit and total comprehensive income for the period		28,080	24,683
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		HK\$	HK\$
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Earnings per share attributable to owners of the Company			
Basic	8(a)	0.02	0.01
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Diluted	8(b)	N/A	N/A
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The notes on pages 17 to 40 form part of this interim financial report.

Rich Goldman Holdings Limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

		At 31 December 2018 (Unaudited) HK\$'000	At 30 June 2018 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	67,732	68,023
Intangible assets	10	11,483	45,533
Goodwill		2,644	2,644
Investment in an associate		89,501	88,671
Deferred tax assets		212	–
Financial assets at fair value through profit or loss	11	50,330	–
Loans receivable	13	140,000	124,000
Available-for-sale investments		–	–
		361,902	328,871
Current assets			
Trade and other receivables	12	35,646	69,647
Loans receivable	13	171,868	128,143
Due from an associate		112,704	111,947
Bank and cash balances		511,861	595,633
		832,079	905,370
Less: Current liabilities			
Other payables		3,538	3,801
Current tax liabilities		5,764	3,401
		9,302	7,202
Net current assets		822,777	898,168
Total assets less current liabilities		1,184,679	1,227,039
Non-current liabilities			
Deferred tax liabilities		981	1,122
Net assets		1,183,698	1,225,917



Rich Goldman Holdings Limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 31 December 2018

		At 31 December 2018 (Unaudited) <i>HK\$'000</i>	At 30 June 2018 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Capital and reserves			
Share capital	14	1,171,921	1,171,921
Reserves		(67,654)	(80,947)
Equity attributable to owners of the Company			
		1,104,267	1,090,974
Non-controlling interests		79,431	134,943
Total equity		1,183,698	1,225,917

The notes on pages 17 to 40 form part of this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018 (Unaudited)

	Attributable to owners of the Company								
	Share capital	Property revaluation reserve	Non-distributable reserve	Share option reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2018 as originally presented	1,171,921	5,922	2,264	3,941	(51,221)	(41,852)	1,090,975	134,942	1,225,917
Change in accounting policies	-	-	-	-	-	(1,132)	(1,132)	(5)	(1,137)
Restated total equity at 1 July 2018	1,171,921	5,922	2,264	3,941	(51,221)	(42,984)	1,089,843	134,937	1,224,780
Profit and total comprehensive income for the period	-	-	-	-	-	14,426	14,426	13,654	28,080
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(69,160)	(69,160)
At 31 December 2018	1,171,921	5,922	2,264	3,941	(51,221)	(28,558)	1,104,267	79,431	1,183,698

For the six months ended 31 December 2017 (Unaudited)

	Attributable to owners of the Company								
	Share capital	Property revaluation reserve	Non-distributable reserve	Share option reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2017	1,171,921	5,922	2,264	4,234	(51,221)	(8,154)	1,051,966	331,647	1,383,613
Profit and total comprehensive income for the period	-	-	-	-	-	7,256	7,256	17,427	24,683
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(282,080)	(282,080)
At 31 December 2017	1,171,921	5,922	2,264	4,234	(51,221)	(73,898)	1,059,222	66,994	1,126,216

The notes on pages 17 to 40 form part of this interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	34,018	203,418
Net cash used in investing activities	(117,790)	(280,953)
Net cash used in financing activities	–	(14,217)
Net decrease in cash and cash equivalents	(83,772)	(91,752)
Cash and cash equivalents at beginning of the period	595,633	594,302
Cash and cash equivalents at end of the period	511,861	502,550

The notes on pages 17 to 40 form part of this interim financial report.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

1. BASIS OF PREPARATION

The condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The principal accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group’s financial statements for the year ended 30 June 2018 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”) as disclosed in Note 2 to this interim report. The condensed consolidated financial information are unaudited but have been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 30 June 2018 that is included in this interim report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 30 June 2018 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report dated 21 September 2018 was qualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; did not contain a statement under section 406(2) and 407(2) of the Hong Kong Companies Ordinance (Cap. 622); and contained a statement under section 407(3) of the Hong Kong Companies Ordinance (Cap. 622).



Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new and revised HKFRSs and the Group had to change its accounting policies accordingly. The impact of adopting following standards are disclosed below:

- (i) HKFRS 9 Financial Instruments; and
- (ii) HKFRS 15 Revenue from Contracts with Customers.

The other newly adopted new and revised HKFRSs did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Impact of adoption

In according with the transitional provisions in HKFRS 9, HKFRS 9 is generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised in the opening of the statement of financial position on 1 July 2018.

The following tables show the adjustments recognised for each individual line item. Line items that are not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

HKFRS 9 Financial Instruments *(continued)*

Impact of adoption (continued)

Consolidated statement of financial position (extract)	As at 30 June		As at 1 July 2018 as restated
	2018 as originally presented	Effect of the adoption of HKFRS 9	
	HK\$'000 <i>(Audited)</i>	HK\$'000 <i>(Unaudited)</i>	HK\$'000 <i>(Unaudited)</i>
Non-current assets			
Loan receivables	124,000	(1,042)	122,958
Available-for-sale investments	–	–	–
Financial assets at fair value through profit or loss	–	–	–
Deferred income tax assets	–	224	224
Current assets			
Trade and other receivables	69,647	(14)	69,633
Loans receivable	128,143	(305)	127,838
Due from an associate	111,947	–	111,947
Total assets	1,234,241	(1,137)	1,233,104
Equity			
Reserves	(80,947)	(1,132)	(82,079)
Non-controlling interest	134,943	(5)	134,938
Total equity	1,225,917	(1,137)	1,224,780

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 9 Financial Instruments (continued)

Impact of adoption (continued)

The total impact on the Group's accumulated losses as at 1 July 2017 and 1 July 2018 is summarized as follows:

	2018 HK\$'000	2017 HK\$'000
Closing accumulated losses 30 June – HKAS 39 (Audited)	41,852	81,154
Increase in provision for impairment of loans receivables (Unaudited)	1,347	–
Increase in provision for impairment of trade and other receivables (Unaudited)	9	–
Increase in deferred income tax assets relating to impairment provisions (Unaudited)	(224)	–
Adjustments to accumulated losses from adoption of HKFRS 9 on 1 July 2018 (Unaudited)	1,132	–
Opening accumulated losses 1 July – HKFRS 9 (Unaudited)	42,984	81,154

Classification and measurement

On 1 July 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and classified its financial asset into the approximate HKFRS 9 categories.

The application of the new standard does not have a significant impact on the classification and measurement of its financial assets as debt instruments currently classified as loans and receivables will continue to be measured at amortised cost.

This category includes the Group's loan receivables, trade and other receivables, due from an associate and bank and cash balances.

The assets previously classified as available-for-sale investment is reclassified as financial asset at fair value through profit or loss under HKFRS 9.

Rich Goldman Holdings Limited



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

For the six months ended 31 December 2018

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

HKFRS 9 Financial Instruments *(continued)*

Impairment under expected credit losses ("ECL") model

The Group has three types of financial assets that are subject to HKFRS 9's new ECL model, which are loans receivable, trade and other receivables and due from an associate. The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The impact of the change in impairment methodology on the Group's accumulated losses and equity is disclosed above.

While bank and cash balances are also subject to the impairment requirement of HKFRS 9, the identified impairment loss was immaterial.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss exposure, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment on whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.



Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

HKFRS 9 Financial Instruments *(continued)*

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant deterioration in external market indicators of credit risk, e.g. a significant decrease in credit rating of the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtors' ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative indicators are taken into account in determining the risk of a default occurring:

- probable bankruptcy entered by the borrowers; and
- death of the debtor.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)* **HKFRS 9 Financial Instruments** *(continued)*

Measurement and recognition of ECL

The measure of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial assets is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The loss allowances for loans receivable, trade and other receivables and due from an associate as at 30 June 2018 reconcile to the opening loss allowances on 1 July 2018 as follows:

	Loans receivable	Trade and other receivables	Due from an associate
	HK\$'000	HK\$'000	HK\$'000
At 30 June 2018 – HKAS 39 (Audited)	–	59,007	–
Amounts additionally provided through opening accumulated losses on adoption of HKFRS 9 (Unaudited)	1,347	14	–
Opening loss allowance as at 1 July 2018 – HKFRS 9 (Unaudited)	1,347	59,021	–



Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

2. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS** *(continued)*

HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 July 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognized in retained earnings as at 1 July 2018 and that comparatives will not be restated.

The adoption of HKFRS 15 did not result in any significant impact to the financial statements as the timing of revenue recognition is not changed.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT REPORTING

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's operating divisions are as follows:

- 1) To introduce customers to respective casino's VIP rooms in Macau and receiving the profit streams from junket businesses at respective casino's VIP rooms in Macau (the "Gaming and Entertainment Business").
- 2) Money Lending Business
- 3) Hotel Operations

(a) Segment revenue and results

An analysis of the Group's revenue, which represents services provided, and results by reportable and operating segment is as follows:

	Gaming and Entertainment Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Hotel Operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 31 December 2018:				
TURNOVER	<u>48,231</u>	<u>9,761</u>	<u>12,636</u>	<u>70,628</u>
SEGMENT RESULTS	<u>17,065</u>	<u>9,484</u>	<u>4,073</u>	<u>30,622</u>
Unallocated other income				3,362
Unallocated other gains and losses				330
Unallocated expenses				(4,830)
Share of profits of an associate				<u>832</u>
Profit before taxation				<u><u>30,316</u></u>

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT REPORTING (continued)

(a) Segment revenue and results (continued)

	Gaming and Entertainment Business HK\$'000	Money Lending Business HK\$'000	Hotel Operations HK\$'000	Total HK\$'000
For the six months ended 31 December 2017:				
TURNOVER	47,592	4,984	11,662	64,238
SEGMENT RESULTS	21,746	4,204	3,023	28,973
Unallocated other income				1,873
Unallocated other gains and losses				(62)
Unallocated expenses				(5,235)
Finance costs				(208)
Share of profits of an associate				738
Profit before taxation				26,079

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable and operating segments is as follows:

	Gaming and Entertainment Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Hotel Operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2018				
ASSETS				
Segment assets	<u>99,302</u>	<u>337,084</u>	<u>26,505</u>	462,891
Investment in an associate				89,501
Unallocated corporate assets				<u>641,589</u>
Consolidated total assets				<u><u>1,193,981</u></u>
LIABILITIES				
Segment liabilities	<u>(111)</u>	<u>(3,630)</u>	<u>(3,830)</u>	(7,571)
Unallocated corporate liabilities				<u>(2,712)</u>
Consolidated total liabilities				<u><u>(10,283)</u></u>

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

3. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment assets and liabilities (continued)

	Gaming and Entertainment Business HK\$'000	Money Lending Business HK\$'000	Hotel Operation HK\$'000	Total HK\$'000
As at 30 June 2018				
ASSETS				
Segment assets	168,685	303,815	23,039	495,539
Investment in an associate				88,671
Unallocated corporate assets				650,031
Consolidated total assets				1,234,241
LIABILITIES				
Segment liabilities	(111)	(2,081)	(3,231)	(5,423)
Unallocated corporate liabilities				(2,901)
Consolidated total liabilities				(8,324)

Unallocated corporate assets mainly represent property, plant and equipment, financial asset at fair value through profit and loss and bank and cash balances.

Unallocated corporate liabilities mainly represent other payables.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

4. FINANCE COSTS

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses on		
– Bank borrowing	–	208

5. PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging/(crediting):		
Amortisation of intangible assets	34,050	44,188
Depreciation	1,612	1,648
Increase in fair value of financial assets at fair value through profit or loss	(330)	–
Loss on disposals of property, plant and equipment	2	62
Operating lease charges	2,292	2,497
Write-back of provision for impairment losses on financial assets, net	(2,082)	(17,500)

6. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income tax expenses is recognised based on management's estimate of the annual income tax rate expected for the full financial year. Hong Kong profits tax has been provided at the estimated rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the period. The Group's entities did not have estimated assessable profits subject to any income tax in other overseas tax jurisdiction concerned during the six months ended 31 December 2018 and 2017.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

6. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

The amount of taxation charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the six months ended	
	31 December	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	2,364	1,110
Deferred tax	(128)	286
	2,236	1,396

7. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend in respect of the six months ended 31 December 2018 and 2017.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of approximately HK\$14,426,000 (2017: HK\$7,256,000) and the total of 692,437,000 ordinary shares (31 December 2017: 692,437,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 31 December 2018 and 2017 were the same as the basic earnings per share because the exercise prices of the Company's outstanding share options were higher than the market prices of the Company's shares during both periods.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2018, the Group acquired property, plant and equipment of approximately HK\$1,322,000 (2017: HK\$673,000).

During the six months ended 31 December 2018, the Group disposed property, plant and equipment at cost of approximately HK\$4,000 (2017: HK\$115,000) and recognised a loss on disposal of approximately HK\$2,000 during the six months ended 31 December 2018 (2017: HK\$62,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

10. INTANGIBLE ASSETS

	Gaming and Entertainment Business				Hotel	Total
	Hou Wan Profit Agreement HK\$'000	Neptune Ouro Profit Agreement HK\$'000	Hao Cai Profit Agreement HK\$'000	Hoi Long Profit Agreement HK\$'000	Operation Lease benefit HK\$'000	
At 1 July 2017, 30 June 2018, 1 July 2018 and 31 December 2018	567,793	405,000	1,215,000	562,000	8,500	2,758,293
ACCUMULATED AMORTISATION AND IMPAIRMENT:						
At 1 July 2017	557,455	405,000	1,215,000	507,000	-	2,684,455
Provided during the year	10,338	-	-	66,067	1,700	78,105
Reversal of impairment loss	-	-	-	(49,800)	-	(49,800)
At 30 June 2018 and 1 July 2018	567,793	405,000	1,215,000	523,267	1,700	2,712,760
Provided during the period	-	-	-	33,200	850	34,050
At 31 December 2018	567,793	405,000	1,215,000	556,467	2,550	2,746,810
CARRYING AMOUNT:						
At 31 December 2018	-	-	-	5,533	5,950	11,483
At 30 June 2018	-	-	-	38,733	6,800	45,533



Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

10. INTANGIBLE ASSETS *(continued)*

Gaming and Entertainment Business

With effect from 30 June 2017 and on 30 June 2017, the junket representative agreement of Hao Cai and Neptune Ouro Profit Agreements were terminated and accordingly, an impairment loss of intangible assets of approximately HK\$211,347,000 was charged for the year ended 30 June 2017.

Hou Wan Profit Agreement was terminated with effect on 30 August 2017 and the carrying amount of such profit agreement was the total rolling income for two months ended 30 August 2017 of approximately HK\$10,338,000. An impairment loss of intangible assets of approximately HK\$142,535,000 was therefore charged for the year ended 30 June 2017.

Due to the termination of the underlying junket representative agreements of Hao Cai, Neptune Ouro and Hou Wan Profit Agreements, the directors reassessed the useful life of Hoi Long Profit Agreement during the year ended 30 June 2017. After the assessment, the directors considered that the useful life should be revised from 4.75 years to 10 months ended 28 April 2018. As at 30 June 2017, the recoverable amount of Hoi Long Profit Agreement was determined at HK\$55,000,000.

As a result of these changes in accounting estimate on the useful life of the intangible assets, the amortisation of intangible assets of approximately HK\$43,338,000 was recognised during the six months ended 31 December 2017.

On 28 May 2018, the directors reassessed the recoverable amount and useful life of Hoi Long Profit Agreement in view of the renewal of junket representative agreement between the junket operator and the casino operator for a period of 9 months ending 31 January 2019. The recoverable amount of Hoi Long Profit Agreement is determined based on value-in-use calculations by reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuer. These calculations use cash flow projections based on financial budgets approved by the directors of the Company covering a 9-month period. The cash flows are discounted using a discount rate of 17.42%. The discount rate used is pre-tax and reflects specific risks relating to the gaming and entertainment segment. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which have included budgeted revenue from sharing of profit streams from the junket businesses, and such estimation is based on the past performance and management's expectation for the market development. The recoverable amount of Hoi Long Profit Agreement on 28 April 2018 was estimated at HK\$49,800,000 and a reversal of impairment loss of an equivalent amount was recognised for the year ended 30 June 2018. Amortisation charge

Rich Goldman Holdings Limited



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

For the six months ended 31 December 2018

10. INTANGIBLE ASSETS *(continued)*

Gaming and Entertainment Business *(continued)*

of approximately HK\$33,200,000 in respect of the above was charged during the six months ended 31 December 2018.

During the six months ended 31 December 2018, there is no impairment indication and no impairment loss (2017: nil) was recognised.

Hotel Operation

On 26 June 2017, Harbour Bay Hotels Limited (“Harbour Bay”) entered into a deed of lease and a supplemental deed of lease with 5-year lease term ending on 30 April 2022 with Ever Praise Enterprises Limited (“Ever Praise”). On 26 June 2017, the Group acquired 100% entire equity interest in Harbour Bay and 30% entire equity interest in Ever Praise. A lease benefit relates to the favourable aspect of the 5-year lease was identified as intangible asset with a definite useful life of 5 years ending on 30 April 2022. The fair value of the lease benefit was initially valued by income approach with a discount rate of 9.01%.

The amortisation of intangible asset of approximately HK\$850,000 (2017: HK\$850,000) was charged during the six months ended 31 December 2018.

As at 31 December 2018, there is no impairment indication and no impairment loss (2017: nil) was provided for the six months ended 31 December 2018.

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

On 14 December, 2018, the Company’s wholly owned subsidiary, Divine Glory Global Limited, entered into a subscription agreement with Dol-Fin Select Investment Fund SPC (the “Fund Company”) pursuant to which the Group agreed to subscribe for shares of a private equity fund (the “Fund”) for an aggregate consideration of HK\$50,000,000 in cash. The Fund principally invests in listed securities, with a primary focus on the Stock Exchange, whether by way of primary or secondary market purchase. The directors of the Fund Company are responsible for the overall management and control of the Fund Company. The Group does not have the power to participate in the financial and operating policy decisions of the Fund. As such, the Group does not have significant influence over the Fund and the Fund is not accounted for as an associate. The Fund is accounted for as a financial asset at fair value through profit or loss in accordance with HKFRS 9. As at 31 December, 2018, the fair value of the Fund is HK\$50,330,000. During the period ended 31 December, 2018, fair value gains of HK\$330,000 was recognised in profit or loss. In the opinion of the directors of the Company, the Fund is held for long-term strategic investment purposes and as such, the investment is classified as non-current.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2018 (Unaudited) HK\$'000	At 30 June 2018 (Audited) HK\$'000
Trade debtors of Gaming and Entertainment Business		
– Entities owned by shareholders of non-controlling interests of subsidiaries	40,221	75,438
– Other customers	49,356	49,356
	89,577	124,794
Trade debtors of hotel operations business	412	201
Loan interest receivables	697	1,233
Deposits, prepayment and other receivables	1,972	2,426
	92,658	128,654
Impairment losses on trade and other receivables	(57,012)	(59,007)
	35,646	69,647

The Group allows an average credit period ranging from 30 days to 60 days to its trade customers. Before accepting any new customers, the management will internally assess the credit quality of the potential customers and define appropriate credit limits. Management closely monitors the credit quality of trade and other receivables and considers the trade debtors that are neither past due nor impaired to be of a good quality.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

12. TRADE AND OTHER RECEIVABLES *(continued)*

The aging analysis of trade receivables, based on the invoice dates, and net of allowance, is as follows:

	At 31 December 2018 (Unaudited) <i>HK\$'000</i>	At 30 June 2018 (Audited) <i>HK\$'000</i>
0 – 90 days	5,004	15,511
Over 365 days	27,982	50,477
	32,986	65,988

Movement on the Group's impairment allowance of trade and other receivables are as follows:

	At 31 December 2018 (Unaudited) <i>HK\$'000</i>	At 30 June 2018 (Audited) <i>HK\$'000</i>
At beginning of the period/year	59,007	101,007
Net reversal of provision for impairment assessment under HKAS 39	–	(42,000)
Adjustment on adoption of HKFRS 9	14	–
Net reversal of provision for impairment assessment under HKFRS 9	(2,009)	–
At end of the period/year	57,012	59,007

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

12. TRADE AND OTHER RECEIVABLES (continued)

In September 2016, the Group entered into various agreements with trade debtors pursuant to which (i) the trade debtors agreed to settle the overdue trade receivables of HK\$517,470,000 by monthly installments commencing from October 2016; (ii) the trade debtors and owners of the trade debtors charged all the undertaking, properties, assets and rights of the gaming promoters to the Group; and (iii) the owners of the trade debtors guaranteed the full repayments of the outstanding amounts by the trade debtors.

Subsequent to 31 December 2018 and up to the date of approval of these financial statements, the trade debtors made a total payments of HK\$8,093,000 to the Group. Trade debtors procured several independent third parties to charge their properties located in Macau to the Group as securities for repayment of the overdue trade debtors. Together with the amount already settled subsequent to 31 December 2018, the directors considered that part of the outstanding trade debtors of HK\$32,574,000 would be recoverable in full. A reversal of impairment loss of HK\$2,004,000 (2017: HK\$17,500,000) was therefore made for the six months ended 31 December 2018.

13. LOANS RECEIVABLE

	At 31 December 2018 (Unaudited) HK\$'000	At 30 June 2018 (Audited) HK\$'000
Gross loans receivable	313,142	252,143
Less: Provision for impairment assessment of loans receivable	(1,274)	–
Loans receivable, net of provision	311,868	252,143

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

13. LOANS RECEIVABLE *(continued)*

The credit quality analysis of the loans receivable is as follows:

	At 31 December 2018 (Unaudited) HK\$'000	At 30 June 2018 (Audited) HK\$'000
Neither past due nor impaired		
– Secured	303,062	218,000
– Unsecured	8,806	34,143
	311,868	252,143
Analysed as:		
– Current assets	171,868	128,143
– Non-current assets	140,000	124,000
	311,868	252,143

As at 31 December 2018, the secured loans were secured by the borrowers' personal guarantee, and/or properties and assets held. The fair value of collaterals, as assessed by the management, at loans' inception date is not less than the principal amount of the relevant loans.

Receivables that were neither past due nor impaired related to customers for whom there was no recent history of default.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

13. LOANS RECEIVABLE (continued)

Movement on the Group's impairment allowance of loans receivable are as follows:

	At 31 December 2018 (Unaudited) HK\$'000	At 30 June 2018 (Audited) HK\$'000
At beginning of the period/year	-	-
Net reversal of provision for impairment assessment under HKAS 39	-	-
Adjustment on adoption of HKFRS 9	1,347	-
Net reversal of provision for impairment assessment under HKFRS 9	(73)	-
At end of the period/year	1,274	-

14. SHARE CAPITAL

	At 31 December 2018 (Unaudited)		At 30 June 2018 (Audited)	
	No. of shares ('000)	Amount HK\$'000	No. of shares ('000)	Amount HK\$'000
Ordinary shares, issued and fully paid:				
At beginning and end of the period	692,437	1,171,921	692,437	1,171,921

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2018

15. CONTINGENT LIABILITIES

Contingent liability in respect of legal claim for office rental

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK\$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK\$1,592,000 has been made in the financial statements for the year ended 30 June 2004. During the six months ended 31 December 2018 and the year ended 30 June 2018, there has been no significant progress.

16. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the condensed consolidated financial statements, during the period, the Group had entered into transactions with related parties which, in the opinion of the Company's directors, were carried out a normal commercial terms and in the ordinary course of the Group's business, as shown below.

- (a) The remuneration of key management personnel during the period is as follows:

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and other short-term benefits	1,298	946
Post-employment benefits	26	18
	1,324	964

- (b) Rental expenses of HK\$2,278,000 (2017: HK\$2,278,000) were paid to an associate of the Group.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2018

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value at		Fair value hierarchy	Valuation Techniques and key inputs
	31 December 2018 (Unaudited) HK\$'000	30 June 2018 (Audited) HK\$'000		
Financial asset at fair value through profit or loss – Unlisted fund	50,330	–	Level 2	Based on the net asset values of the fund determined with reference to observable quoted prices in an active market of the underlying investment portfolio