

Interim Report  
2017/18



**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. Nicholas J. Niglio  
Mr. Lin Chuen Chow, Andy

#### **Independent non-executive directors:**

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

### COMPANY SECRETARY

Mr. Lam Yick Man

### 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

Zhonghui Anda CPA Limited  
Unit 701, Citicorp Centre  
18 Whitfield 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 & Heung  
Locke Lord

### 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  
West Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

### COMPANY WEBSITE

[www.richgoldman.com.hk](http://www.richgoldman.com.hk)

### E-MAIL

[enquiry@richgoldman.com.hk](mailto:enquiry@richgoldman.com.hk)

### STOCK CODE

00070

# Rich Goldman Holdings Limited

## CHAIRMAN'S STATEMENT

Barely five months have passed since our announcement to change our name and a new direction forward, our shareholders and market partners have been accepting, embracing and supporting on what we are determining to achieve. The feedback so far have been positive and our strategy has steadily reflected on our results.

Our group, Rich Goldman, have set a clear path for our investors. That is, maintaining a presence in Macau gaming sector yet expand into investments of fixed income nature. We have added a new hotel into our portfolio along with a hotel management business. We have increased our exposure in money lending business with sufficient collateral in commercial and financial securities. The combination is to ensure our group have balanced investment risk appetite to ensure we have stable and solid pathway for days ahead, be it sunny or stormy.

Certainly our enthusiasm is well founded. Our remaining business in Macau has been thankfully surrounded by a nice uptick in the market. The gaming sector is recording positive growth again supported by industry statistics. That has been well received by all market participants. However, compared with the previous strong performance in 2013, it can only be described as a breathing space now, and the return on investment shows a recovery. 2018 is a good start for our group and we hope that seeing that possibility all the way continues will enable our Group to work hard to achieve excellent returns.

Our fixed income investments, namely the hotel in Tsim Sha Tsui and the money lending business, have been solid as per our forecast. The increased traveler traffic from main land China and other neighboring Asian countries have brought us additional patronage to the hotel. The tightening of credit in the financial market by main banking institutions have brought us additional financing deals that have resulted in increased lending and our interest income stream. We will continue monitor the financial sector with caution as the environment for low interest rates is starting to pass through. Our conservative approach has been set to obtain sufficient collateral to prevent any negative impact by the financial markets.

# Rich Goldman Holdings Limited

Overall we expect to bring forward a selection of opportunities that will enrich our balance sheet and we hope 2018 would be a great year ahead for our investors. The desire for success has been a target for our Group as a whole and together with dedicated efforts by our staff, we are thankful of what have achieved to date since our name change. Thank you all.

**Danny Xuda Huang**

*Chairman of the Board*

Hong Kong, 13 February 2018

# 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 2017, amounted to approximately HK\$7.3 million (2016: profit of HK\$25.9 million); Underlying earnings per shares were HK\$0.01, a slight decrease from corresponding period last year of earnings per shares of HK\$0.04.

### BUSINESS OVERVIEW

2017 is a recovery year for gaming industry. The rebound from recession in the gaming industry can be demonstrated from the Macau Government statistics issued publicly on a monthly basis by DICJ. The consecutive decline in gaming turnover for the past few years had been improving since August 2016. In particular, the gaming revenue had reached approximately HK\$135,308 million for the six months ended 31 December 2017, representing a considerable increase of 20.7% over that for the six months ended 31 December 2016. The trend of improvement was expected to sustain in the future with better transport links upon the completion of Hong Kong-Zhuhai-Macau Bridge and Macau light rail.

In view of the fluctuating return of the gaming industry in Macau, our group had commenced the hotel operation business and money lending business in Hong Kong to maintain a stable and sustainable growth in returns for our shareholders. Positive results had been achieved in these two new segments during the six months ended 31 December 2017. The excellent 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 5% and 2% in 2017 respectively when compared with that in 2016. We are optimistic on the hotel market in the future with better infrastructure connecting the Mainland and Hong Kong, especially after completion of Guangzhou-Shenzhen-Hong Kong Express Rail Link.

# Rich Goldman Holdings Limited

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### BUSINESS OVERVIEW *(continued)*

Looking forward, positive results are achievable in all our existing segments. With the help of the further improvement of infrastructures in the Pearl River region in the nearly future, visits between these areas would be boosted further and our existing segments will all benefit from this closer connection in this region. 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.

### GAMING AND ENTERTAINMENT BUSINESS

After implementing the policy of diversifying our Group's income stream, the Revenue from commission on rolling turnover had recorded approximately HK\$48 million for the six months ended 31 December 2017, representing a significant decrease of HK\$88 million or 65% when compared with HK\$136 million for the same period in 2016. The considerable decrease can also be ascribed to the termination of two gaming promotion agreements between Venetian Macau Limited and our Junket Operators in 2017, leaving a total of 8 VIP tables in the casino of Grand Lisboa as the only remaining currently operating junket business of our Group. However, a considerable amount of trade receivables that had been long overdue from some of our business partners had been collected during the six months ended 31 December 2017, which can be shown from the fact that our debts over 365 days had been decreased to approximately HK\$47 million when compared to HK\$357 million at 30 June 2017. Our Group's cashflow has thus been greatly enhanced during the period.

We have a positive view on the Macau gaming industry given the numerous growth drivers in the nearly future. It remained one of our important businesses if the recent encouraging growth can persist.

# Rich Goldman Holdings Limited

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **MONEY LENDING BUSINESS**

With the enhanced cashflow during the period, our Group had extra resources to expand our money lending business. Revenue generated from the money lending business for the six months ended 31 December 2017 amounted to approximately HK\$5.0 million. Our customers are all renowned for their great creditability and are also effectively managed by our management. Therefore, all of the principal and related interest income had been collected in accordance with their corresponding repayment schedules in 2017.

With the great financial strength and capability, the Group has both the potential and the ability to further expand its money lending business and deliver a stable and durable returns for our shareholders. Our group will keep developing the money lending business and continue our effective management on customers.

### **HOTEL OPERATION**

The Group had commenced the hotel operation business in 2017. Revenue generated from the hotel operation business amounted to approximately HK\$11.7 million and an underlying profit before taxation of approximately HK\$3.0 million had been resulted for the six months ended 31 December 2017. It is an excellent start and performance for a newly commenced segment of our Group, especially when hotel operation business has long been one of the highly competitive industries in Hong Kong.

We are optimistic for the tourism market outlook in the coming years 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.

### **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

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 31 December 2017 (2016: HK\$ Nil).

### LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had net current assets of approximately HK\$819.8 million as at 31 December 2017 (30 June 2017: HK\$1,156.4 million). The bank mortgage loan which is used for purchase of our office premise had been repaid in full during the six months ended 31 December 2017, resulting nil borrowings as at 31 December 2017 (30 June 2017: HK\$14.0 million). The total equity of the Group as at 31 December 2017 was HK\$1,126.2 million (30 June 2017: HK\$1,383.6 million). The gearing ratio, calculated on the basis of total debts over total equity attributable to equity shareholders as at 31 December 2017 was nil, resulting from the bank borrowing being fully repaid during the period (30 June 2017: 1.3%). The total current liabilities of the Group as at 31 December 2017 were significantly reduced to HK\$4.5 million (30 June 2017: HK\$23.9 million).

### PLEDGE OF GROUP'S ASSETS

As at 31 December 2017, the Group's previously pledged leasehold land and building in Hong Kong had been released from the bank.

## 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 2017.



# Rich Goldman Holdings Limited

## 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 2017 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 Chief Operation Officer 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.

# Rich Goldman Holdings Limited

## 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 2017, 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*

<b>Name of directors</b>	<b>Number of ordinary share options held</b>	<b>Percentage of outstanding options as at 31 December 2017</b>
Mr. Danny Xuda Huang	4,178,000	32.13%
Mr. Nicholas J. Niglio	4,412,000	33.93%
Mr. Lin Chuen Chow, Andy	4,178,000	32.13%

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 2017.

# Rich Goldman Holdings Limited

## **SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSABLE UNDER THE SFO**

At 31 December 2017, the following interest of 5% or more of the issued share capital of the Company were recorded in the register of interest required to be kept by the Company pursuant to Section 336 of the SFO.

<b>Name of shareholders</b>	<b>Long/ short position</b>	<b>Number of ordinary shares held</b>	<b>Percentage of shares held</b>
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% of more of the share capital of the Company that was required to be recorded under Section 336 of the SFO as at 31 December 2017.

## **ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES**

Save as disclosed above, at no time during the six months ended 31 December 2017 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 2017

	Notes	For the six months ended 31 December	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	2	64,238	135,933
Cost of services provided		(7,256)	–
Other income		2,061	3,373
Reversal of impairment loss of trade receivables	10	17,500	–
Amortisation of intangible assets	9	(44,188)	(102,708)
General and administrative expenses		(6,806)	(4,365)
<b>Profit from operations</b>		<b>25,549</b>	<b>32,233</b>
Share of profits of an associate		738	7,781
Finance costs	3	(208)	(230)
<b>Profit before taxation</b>	4	<b>26,079</b>	<b>39,784</b>
Income tax	5	(1,396)	–
<b>Profit for the period</b>		<b>24,683</b>	<b>39,784</b>
Other comprehensive income for the period		–	–
<b>Total comprehensive income for the period</b>		<b>24,683</b>	<b>39,784</b>

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

		For the six months ended 31 December	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
<b>Attributable to:</b>			
– Owners of the Company		7,256	25,938
– Non-controlling interests		17,427	13,846
<b>Profit and total comprehensive income for the period</b>			
		24,683	39,784
		HK\$	HK\$
<b>Earnings per share attributable to owners of the Company</b>			
Basic	7(a)	0.01	0.04
Diluted	7(b)	0.01	0.04

The notes on pages 17 to 30 form part of this interim financial report.

# Rich Goldman Holdings Limited

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

		At 31 December 2017 (Unaudited) HK\$'000	At 30 June 2017 (Audited) HK\$'000
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	8	69,536	70,573
Intangible assets	9	29,650	73,838
Goodwill		2,644	2,644
Investment in an associate		81,853	81,116
Deferred tax assets		–	426
Loan receivables	11	124,000	–
Available-for-sale investments		–	–
		<b>307,683</b>	228,597
<b>Current assets</b>			
Trade and other receivables	10	64,981	410,561
Loan receivables	11	146,000	65,000
Amount due from an associate		110,733	110,485
Cash and cash equivalents		502,550	594,302
		<b>824,264</b>	1,180,348
<b>Less: Current liabilities</b>			
Other payables		3,359	9,920
Income tax payable		1,109	–
Bank borrowing	12	–	14,009
		<b>4,468</b>	23,929
<b>Net current assets</b>		<b>819,796</b>	1,156,419
<b>Total assets less current liabilities</b>		<b>1,127,479</b>	1,385,016
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,263	1,403
<b>Net assets</b>		<b>1,126,216</b>	1,383,613

# Rich Goldman Holdings Limited

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 31 December 2017

		At 31 December 2017 (Unaudited) <i>HK\$'000</i>	At 30 June 2017 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>Capital and reserves</b>			
Share capital	13	1,171,921	1,171,921
Reserves		(112,699)	(119,955)
<b>Equity attributable to owners of the Company</b>			
		<b>1,059,222</b>	1,051,966
<b>Non-controlling interests</b>		<b>66,994</b>	331,647
<b>Total equity</b>		<b>1,126,216</b>	1,383,613

The notes on pages 17 to 30 form part of this interim financial report.

# Rich Goldman Holdings Limited

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017 (Unaudited)

	Attributable to owners of the Company								Total HK\$'000
	Share capital HK\$'000	Property revaluation reserve HK\$'000	Non-distributable reserve HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 July 2017 (Audited)	1,171,921	5,922	2,264	4,234	(51,221)	(81,154)	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 (Unaudited)	1,171,921	5,922	2,264	4,234	(51,221)	(73,898)	1,059,222	66,994	1,126,216

For the six months ended 31 December 2016 (Unaudited)

	Attributable to owners of the Company								Total HK\$'000
	Share capital HK\$'000	Property revaluation reserve HK\$'000	Non-distributable reserve HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 July 2016 (Audited)	1,171,921	5,922	2,264	6,133	(51,221)	(72,900)	1,062,119	389,533	1,451,652
Profit and total comprehensive income for the period	-	-	-	-	-	25,938	25,938	13,846	39,784
At 31 December 2016 (Unaudited)	1,171,921	5,922	2,264	6,133	(51,221)	(46,962)	1,088,057	403,379	1,491,436

The notes on pages 17 to 30 form part of this interim financial report.



# Rich Goldman Holdings Limited

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2017

	For the six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Net cash generated from operating activities</b>	<b>203,418</b>	464,748
<b>Net cash (used in)/generated from investing activities</b>	<b>(280,953)</b>	32,904
<b>Net cash used in financing activities</b>	<b>(14,217)</b>	(1,439)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(91,752)</b>	496,213
<b>Cash and cash equivalents at beginning of the period</b>	<b>594,302</b>	148,562
<b>Cash and cash equivalents at end of the period</b>	<b>502,550</b>	644,775

The notes on pages 17 to 30 form part of this interim financial report.

# Rich Goldman Holdings Limited

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

### 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 2017. 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 2017 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 2017 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 29 September 2017 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).

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning 1 July 2017, the application has no material impact on the reported results and the financial position of the Group for the current and/or prior accounting periods. For those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 2. 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 Operation

#### (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 HK\$'000	Money Lending Business HK\$'000	Hotel Operation HK\$'000	Total HK\$'000
<b>For the six months ended 31 December 2017:</b>				
TURNOVER	47,592	4,984	11,662	64,238
SEGMENT RESULTS	21,746	4,204	3,023	28,973
Interest income				1,873
Unallocated expenses				(5,297)
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 2017

### 2. REVENUE AND SEGMENT REPORTING *(continued)*

#### (a) Segment revenue and results *(continued)*

	Gaming and Entertainment Business HK\$'000	Total HK\$'000
<b>For the six months ended 31 December 2016:</b>		
TURNOVER	<u>135,933</u>	<u>135,933</u>
SEGMENT RESULTS	<u>35,562</u>	35,562
Interest income		87
Other material items of income		
– Rental income		840
Unallocated expenses		(4,256)
Finance costs		(230)
Share of profits of an associate		<u>7,781</u>
Profit before taxation		<u>39,784</u>

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 2. 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 HK\$'000	Money Lending Business HK\$'000	Hotel Operation HK\$'000	Total HK\$'000
<b>As at 31 December 2017</b>				
<b>ASSETS</b>				
Segment assets	<u>83,832</u>	<u>277,376</u>	<u>21,173</u>	<u>382,381</u>
Investment in an associate				81,853
Unallocated corporate assets				<u>667,713</u>
Consolidated total assets				<u>1,131,947</u>
<b>LIABILITIES</b>				
Segment liabilities	<u>(111)</u>	<u>(504)</u>	<u>(4,050)</u>	(4,665)
Unallocated corporate liabilities				<u>(1,066)</u>
Consolidated total liabilities				<u>(5,731)</u>

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 2. 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
<b>As at 30 June 2017</b>				
<b>ASSETS</b>				
Segment assets	720,683	80,952	18,627	820,262
Investment in an associate				81,116
Unallocated corporate assets				507,567
Consolidated total assets				1,408,945
<b>LIABILITIES</b>				
Segment liabilities	(111)	(42)	(3,636)	(3,789)
Unallocated corporate liabilities				(21,543)
Consolidated total liabilities				(25,332)

Unallocated corporate assets mainly represent property, plant and equipment and bank balances and cash.

Unallocated corporate liabilities mainly represent bank borrowing.

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 3. FINANCE COSTS

	For the six months ended 31 December	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest expenses on		
– Bank borrowing	208	230

### 4. PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Profit before taxation is arrived at after charging/ (crediting):</b>		
Depreciation of property, plant and equipment	1,648	120
Amortisation of intangible assets	44,188	102,708
Reversal of impairment loss of trade receivables	(17,500)	–

### 5. 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% (2016: 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 2017 and 2016.

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 5. 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	2016
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax		
– Current tax	1,110	–
Deferred taxation	286	–
	<b>1,396</b>	<b>–</b>

### 6. 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 2017 and 2016.

### 7. 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\$7,256,000 (2016: HK\$25,938,000) and the total of 692,437,000 ordinary shares (31 December 2016: 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 2017 and 2016 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.

### 8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2017, the Group acquired property, plant and equipment of approximately HK\$673,000 (2016: nil).

During the six months ended 31 December 2017, the Group disposed property, plant and equipment at cost of approximately HK\$115,000 (2016: nil) and recognised a loss on disposal of approximately HK\$62,000 during the six months ended 31 December 2017 (2016: nil) 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 2017

### 9. INTANGIBLE ASSETS

	Gaming and Entertainment Business				Hotel	Total
	Hou Wan	Neptune	Hao Cai	Hoi Long	Operation	
	Profit	Ouro Profit	Profit	Profit	Lease	
	Agreement	Agreement	Agreement	Agreement	benefit	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST:</b>						
At 1 July 2016	567,793	405,000	1,215,000	562,000	-	2,749,793
Acquisition of a subsidiary	-	-	-	-	8,500	8,500
At 30 June 2017, 1 July 2017 and 31 December 2017	567,793	405,000	1,215,000	562,000	8,500	2,758,293
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT:</b>						
At 1 July 2016	384,345	377,508	988,876	427,779	-	2,178,508
Provided during the year	30,575	4,582	37,687	35,792	-	108,636
Impairment loss recognised during the year	142,535	22,910	188,437	43,429	-	397,311
At 30 June 2017 and 1 July 2017	557,455	405,000	1,215,000	507,000	-	2,684,455
Provided during the period	10,338	-	-	33,000	850	44,188
At 31 December 2017	567,793	405,000	1,215,000	540,000	850	2,728,643
<b>CARRYING AMOUNT:</b>						
At 31 December 2017	-	-	-	22,000	7,650	29,650
At 30 June 2017	10,338	-	-	55,000	8,500	73,838

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 9. INTANGIBLE ASSETS *(continued)*

#### **Gaming and Entertainment Business**

Prior to 1 July 2015, the directors considered that the useful life of the Group's intangible assets which represented the rights in sharing of profit streams from junket businesses at the respective casinos' VIP rooms in Macau was indefinite because the directors expected that the intangible assets could contribute cash flows to the Group indefinitely.

From time to time, the directors reviewed the useful life of intangible assets. Since the termination of the Lucky Star Profits Agreements on 1 July 2015, the directors reassessed the useful life of the remaining profit sharing agreements. When assessing the useful life of the intangible assets, the directors have taken into account the prolonged difficult business environment of the gaming industry, particularly the VIP room operations, the shifting of focus to tourists and recreational players in the gaming industry in Macau as well as the uncertainty of the outcome of the renewal of the relevant gaming concession contracts by the Macau government. After the assessment, the directors considered that the useful life of the intangible assets is estimated to be in the range of 5 to 7 years. As such, an amortisation of intangible assets was provided over the estimated useful life of 5 to 7 years starting from 1 July 2015.

Hao Cai and Neptune Ouro Profit Agreements were terminated with effect on 30 June 2017 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 Hao Cai, Neptune Ouro and Hou Wan Profit Agreements, the directors reassessed the useful life of Hoi Long Profit Agreement. After the assessment, the directors considered that the useful life is estimated to be 10 months ended 28 April 2018.

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 (2016: HK\$102,708,000) was recognised during the six months ended 31 December 2017.

During the six months ended 31 December 2017, there is no impairment indication and no impairment loss (2016: nil) was recognised.

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 9. INTANGIBLE ASSETS (continued)

#### 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 (2016: nil) was charged during the six months ended 31 December 2017.

As at 31 December 2017, there is no impairment indication and no impairment loss (2016: nil) was provided for the six months ended 31 December 2017.

### 10. TRADE AND OTHER RECEIVABLES

Included in the Group’s trade and other receivables are trade receivables with the following ageing analysis of trade debtors net of allowance for doubtful debts presented based on the invoice dates at the end of each reporting period:

	<b>At 31 December 2017 (Unaudited) HK\$’000</b>	<b>At 30 June 2017 (Audited) HK\$’000</b>
0 – 90 days	<b>15,233</b>	51,472
Over 365 days	<b>46,977</b>	356,506
	<b>62,210</b>	407,978

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 2017

### 10. TRADE AND OTHER RECEIVABLES (continued)

Reconciliation of allowance for trade debtors:

	<b>At 31 December 2017 (Unaudited) HK\$'000</b>	At 30 June 2017 (Audited) HK\$'000
At beginning of the period/year	<b>101,007</b>	407,286
Impairment losses recognised during the period/year	–	–
Reversal of impairment loss during the period/year	<b>(17,500)</b>	(306,279)
	<b>83,507</b>	101,007

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, property, 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 2017 and up to the date of approval of these financial statements, the trade debtors made a total payments of HK\$21,624,000 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 2017, the directors considered that part of the outstanding trade debtors of HK\$62,210,000 would be recoverable in full. A reversal of impairment loss of HK\$17,500,000 (2016: nil) was therefore made for the six months ended 31 December 2017.

### 11. LOAN RECEIVABLES

	<b>At 31 December 2017 (Unaudited) HK\$'000</b>	At 30 June 2017 (Audited) HK\$'000
Loan receivables	<b>270,000</b>	65,000
Analysed for reporting purposes as:		
– Current assets	<b>146,000</b>	65,000
– Non-current assets	<b>124,000</b>	–
	<b>270,000</b>	65,000

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 11. LOAN RECEIVABLES (continued)

As at 31 December 2017, all loans are advanced to independent third parties which are secured by the borrowers' personal guarantee, shares of listed companies and buildings, and bearing a fixed interest rate ranging from 7% to 24% per annum. 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.

The loans made available to customers depend on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aging analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer. There are no loans to customers which were past due at the end of reporting period and the Directors consider that no impairment was necessary.

Aging analysis of loan receivables prepared based on maturity date set out in the relevant contracts is as follows:

	<b>At</b> <b>31 December</b> <b>2017</b> <b>(Unaudited)</b> <b>HK\$'000</b>	At 30 June 2017 (Audited) HK\$'000
91-180 days	<b>100,000</b>	5,000
181-365 days	<b>46,000</b>	60,000
Over 365 days	<b>124,000</b>	—
	<b>270,000</b>	65,000

Loan receivables that were neither past due nor impaired related to customers for whom there was no recent history of default. Impairment provisions are recognised for financial reporting purposes only for losses that have incurred at the end of reporting period based on objective evidence of impairment.

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 12. BANK BORROWING

	<b>At</b>	At
	<b>31 December</b>	30 June
	<b>2017</b>	2017
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Bank borrowing	–	14,009

At 31 December 2017 and 30 June 2017, the bank borrowing was due for repayment as follows:

The bank borrowing that contain a repayable on demand clause:

	<b>At</b>	At
	<b>31 December</b>	30 June
	<b>2017</b>	2017
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Current portion of term loan due for repayment within one year	–	2,509
Non-current portion of term loan due for repayment after one year		
– After 1 year but within 2 years	–	2,582
– After 2 years but within 5 years	–	8,201
– After 5 years	–	717
	–	14,009

As at 30 June 2017, the Group's borrowing is bearing interest at bank's best lending rate less 2.4% per annum. The borrowing is secured by property, plant and equipment with carrying amount of HK\$69,930,000.

# Rich Goldman Holdings Limited

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

For the six months ended 31 December 2017

### 13. SHARE CAPITAL

	At 31 December 2017 (Unaudited)		At 30 June 2017 (Audited)	
	No. of shares (‘000)	Amount HK\$‘000	No. of shares (‘000)	Amount HK\$‘000
	<b>Ordinary shares, issued and fully paid:</b>			
At beginning and end of the period	<b>692,437</b>	<b>1,171,921</b>	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.

### 14. 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 2017 and the year ended 30 June 2017, there has been no significant progress.

### 15. 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.

#### Key management personnel remuneration

The remuneration of key management personnel during the period is as follows:

	For the six months ended 31 December	
	2017 (Unaudited) HK\$‘000	2016 (Unaudited) HK\$‘000
Salaries and other short-term benefits	<b>946</b>	1,038
Post-employment benefits	<b>18</b>	27
	<b>964</b>	1,065