ANNUAL REPORT 2018

金粵控股有限公司

Rich Goldman Holdings Limited

(Incorporated in Hong Kong with limited liability) | Stock Code: 00070

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Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Danny Xuda Huang
Mr. Lin Chuen Chow, Andy
Ms. So Wai Yin (appointed on 2 August 2018)

Non-executive Director:

Mr. Nicholas J. Niglio
(redesignated from an executive director to a non-executive director on 2 August 2018)

Independent non-executive Directors:

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

COMPANY SECRETARY

Mr. Lam Yick Man (resigned on 2 August 2018)
Mr. Cheung Yiu Chung (appointed on 2 August 2018)

AUDIT COMMITTEE

Mr. Cheung Yat Hung, Alton *(Chairman)*
Mr. Yue Fu Wing
Miss 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 & 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

E-MAIL

enquiry@richgoldman.com.hk

STOCK CODE

00070

Group Financial Summary

RESULTS

	Year ended 30 June				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Revenue	710,396	473,558	278,651	296,797	**130,484**
Profit/(loss) attributable to owners of the Company	148,762	(828,012)	(202,108)	(10,153)	**39,009**
Earnings/(loss) per share (HK$) – basic	0.32	(1.79)	(0.43)	(0.01)	**0.06**
– diluted	0.32	(1.79)	(0.43)	N/A	**N/A**

ASSETS AND LIABILITIES

	At 30 June				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Property, plant and equipment	965	643	403	70,573	**68,023**
Investment properties	59,140	59,200	60,000	–	**–**
Investment in an associate	58,084	56,205	73,100	81,116	**88,671**
Intangible assets	2,102,793	1,227,571	571,285	73,838	**45,533**
Goodwill	–	–	–	2,644	**2,644**
Available-for-sale investments	249,524	39,672	–	–	**–**
Loans receivable	–	–	–	–	**124,000**
Other non-current assets	–	–	–	426	**–**
Net current assets	496,805	435,740	746,864	1,156,419	**898,168**
Non-current liabilities	–	–	–	(1,403)	**(1,122)**
Total assets less total liabilities	2,967,311	1,819,031	1,451,652	1,383,613	**1,225,917**
Net assets	2,967,311	1,819,031	1,451,652	1,383,613	**1,225,917**
Share capital and other statutory capital reserve	1,077,853	1,077,853	1,171,921	1,171,921	**1,171,921**
Reserves	915,066	87,054	(109,802)	(119,955)	**(80,947)**
Equity attributable to owners of the Company	1,992,919	1,164,907	1,062,119	1,051,966	**1,090,974**
Non-controlling interests	974,392	654,124	389,533	331,647	**134,943**
Total equity	2,967,311	1,819,031	1,451,652	1,383,613	**1,225,917**

Chairman's Statement

On behalf of the Board of Directors (the "Board") I am pleased to present the annual report and financial results of Rich Goldman Holdings Limited (the "Company") and its subsidiaries (the" Group") for the year ended 30 June 2018.

THE CONTINUING BUSINESS REVIEW

Macau's gaming industry is enjoying a rebound in revenue in 2017 and 2018, following a long tough period. After more than a two-year period of continuously robust growth in monthly gross revenue comparison with previous year, the gaming industry successfully upholds its vital role played in Macau's economy. According to the monthly statistics published by the Gaming Inspection and Coordination Bureau, the gaming revenue had reached approximately HK$281,149 million for the year ended 30 June 2018, representing a considerable increase of 19.8% over that for the year ended 30 June 2017. The steady recovery is set to continue as tourist arrival in Macau is expected to increase with better transport links upon the upcoming completion of Hong Kong-Zhuhai-Macau Bridge and Macau light rail. It is our intention to continue to engage in the gaming sector in Macau which remained our most profitable segment for this year.

While the Group continues to closely monitor the performance of the gaming business in Macau, a diversifying strategy had been implemented over our investments. The Group had commenced both the money lending business and hotel business in 2017. We were pleased to witness the positive results of these two newly established segments achieved during the year ended 30 June 2018. It is a huge and important milestone in our diversifying strategy. We have succeeded in refining our business strategy that enables our Group to benefit from diversified profits streams. A significant improvement in the financial performance had been resulted for this year after the expansion of money lending business and acquisition of hotel business. It can be demonstrated by our improved financial result that the net profits and total comprehensive income attributable to owners of the Company had reversed from net loss of approximately HK$10.2 million for the year ended 30 June 2017 to net profit of HK$39.0 million for the year ended 30 June 2018.

LOOKING FORWARD STATEMENT

Looking forward, a number of positive factors that converged over the upcoming financial years, including the completion of Hong Kong-Zhuhai-Macau Bridge and the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong High Speed Rail, represented both a challenge and opportunity to our Group. Positive results are achievable in all our existing segments, with our effective management experience and boosting visits between cities in the Greater Pearl River Delta.

Our strong financial strength guarantees our flexibility, while our flexibility is our key to success. Our group will continue to expand those profitable existing businesses while continue to explore other viable investment opportunities to diversify our revenue stream and ensure sustainable growth. We value the anticipation of our shareholders. Our investment focus had been changed, but our fundamental commitment to deliver stable and durable returns for our shareholders has not been changed.

ACKNOWLEDGEMENT

In view of this successful year, I would like to express my appreciation to our shareholders, strategic partners and customers for their unfailing support and confidence. I would like to extend my sincere gratitude to all staff members of the Group for their contribution and dedication. Without them our success would not be possible.

Danny Xuda Huang
Chairman of the Board
Hong Kong, 21 September 2018

Management Discussion and Analysis

FINANCIAL REVIEW

The Group is principally engaged in (i) introducing customers to respective casino's VIP rooms in Macau and receiving the profit streams from junket businesses (the "Gaming and Entertainment Business") at respective casino's VIP rooms in Macau through independent junket operators in Macau (the "Junket Operators"); (ii) the money lending business; and (iii) the hotel operation business.

The Board announced that the audited net profit of the Group for the year ended 30 June 2018 amounted to approximately HK$124.4 million (2017: net profit of HK$39.9 million) and the net profit for the year attributable to owners of the Company amounted to approximately HK$39.0 million (2017: net loss of HK$10.2 million).

Gaming and Entertainment Business

The Group's gaming revenue decreased by approximately 69.09% from approximately HK$295.5 million for the year ended 30 June 2017 to approximately HK$91.3 million for the year ended 30 June 2018. The decrease was attributable to the termination of junket representative agreements between Venetian Macau Limited and our Junket Operators in 2017, leaving the VIP room in the casino of Grand Lisboa as the only remaining currently operating junket business of our Group.

The following is the summary relating to revenue contributed by the VIP junket rooms for each of the two years ended 30 June 2018.

		For the year ended 30 June		
		2018 Revenue	2017 Revenue	**Change**
		(HK$ in millions, except percentage and points)		
I)	The Venetian Macau			
	Venetian Neptune GD VIP Club	**–**	86.5	-100%
II)	Sands Macau			
	Sands Neptune GD VIP Club	**10.3**	114.6	-91%
IIII)	Grand Lisboa			
	Neptune GD VIP Club	**81.0**	94.4	-14%

On 31 May 2017, the Board was informed by Hao Cai Sociedade Unipessoal Limitada ("Hao Cai"), one of the Junket Operators, that Venetian Macau Limited ("VML") had issued a written notice to Hao Cai on 31 May 2017 to terminate the gaming promotion agreement dated 30 December 2016 entered into between Hao Cai and VML in relation to the promotion of casinos of VML with effect from 30 June 2017. Furthermore, on 31 July 2017, the Board was informed by Hou Wan Entertainment Company Limited ("Hou Wan"), one of the Junket Operators, that VML had issued a written notice to Hou Wan on 31 July 2017 to terminate the gaming promotion agreement dated 30 December 2016 entered into between Hou Wan and VML in relation to the promotion of casinos of VML, with effect from 30 August 2017.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Gaming and Entertainment Business (Continued)

As at the date of this annual report, the remaining Junket Operator is currently operating junket businesses in relation to a total of 8 VIP tables in the casino of Grand Lisboa. So far as the directors of the Board (the "Directors") are aware, and having made reasonable enquiries, the Junket Operator is carrying out its business in the usual and ordinary manner. 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.

Money Lending Business

Resulting from the strong performance in the previous years, the enhanced cash flow provides our Group with an opportunity to commence the money lending business in 2017. With the great effort and effective business decisions made by our management as well as the competitive loan package offered to our customers, the total loan principal lent to our customers for the year ended 30 June 2018 amounted to approximately HK$263 million, a considerable increase when compared to the that of HK$65 million for the year ended 30 June 2017. The resulting interest revenue generated for the year ended 30 June 2018 amounted to approximately HK$15.7 million, a significant advancement when compared to the revenue of HK$1.1 million generated for the year ended 30 June 2017. It is an encouraging expansion and a great achievement for a newly established segment. Our customers are all renowned for their great creditability and are also effectively managed by our management. Therefore, all of the principal and interest income had been collected in accordance with their corresponding repayment schedules during the year.

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 Operations Business

In view of the optimistic prospect of the hotel industry in Hong Kong, our Group had stepped into the hotel industry in 2017. The reputation of the hotel, namely Harbour Bay Hotel, and its occupancy rate have been continuingly increasing under our new management after the acquisition by our Group. Revenue generated from the hotel operations business amounted to approximately HK$23.5 million for the year ended 30 June 2018, representing a considerable increase of 30% when compared to the revenue generated during the comparable period. The financial position and performance of the hotel had been significantly improved within a short period of time. It does not only demonstrate our Group's ability to provide immediate positive impact over our investment sectors, but also our promise to look for wise investment opportunities for our Group and shareholders.

The net profits attributable to owners of the Company for the year ended 30 June 2018 was approximately HK$39.0 million (earnings per share of HK$0.06), as compared with the net loss attributable to owners of the Company for the year ended 30 June 2017 of approximately HK$10.2 million (loss per share of HK$0.01).

Our EBITDA *(Note 1)* for the year ended 30 June 2018 amounted to approximately HK$209.5 million as compared with our EBITDA of approximately HK$149.7 million for the year ended 30 June 2017.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

The abovementioned increase in net profit attributable to owners of the Company was the combined result of the following reasons:

(i) The Group recorded a substantial increase in revenue of approximately HK$23.3 million contributed by the hotel operations business for the year ended 30 June 2018 as compared with that for the year ended 30 June 2017 of approximately HK$236,000, which is primarily due to the full-year effect of revenue contributed by the hotel operation business as the completion of the acquisition of the entire equity interest in Harbour Bay Hotels Limited took place on 26 June 2017, upon which it became a wholly owned subsidiary of the Company and its financial results has been consolidated into the consolidated financial statements of the Group.

(ii) The Group recorded a revenue contributed by money lending business of HK$15.7 million, which represents a considerable increase in revenue during the year ended 30 June 2018 as compared with that for the year ended 30 June 2017. The substantial increase is mainly attributable to the expansion of the money lending business.

(iii) The Group recorded the reversal of impairment losses of trade receivables of approximately HK$42 million for the year ended 30 June 2018 mainly attributable to the settlements made by the trade debtors.

(iv) The Group recorded the impairment losses of intangible assets of approximately HK$397.3 million for the year ended 30 June 2017. Such impairment losses of intangible assets were attributable to the receipt of termination notices by the Junket Operators on 31 May 2017 and 31 July 2017 as described above, whereas a reversal of impairment losses of intangible assets of HK$49.8 million was recorded for the year ended 30 June 2018 upon the renewal of junket representative agreement between the junket operator and the casino operator for a period of 9 months ending 31 January 2019.

(v) The Group recorded an amortisation of intangible assets of HK$76.4 million in respect of the Gaming and Entertainment Business for the year ended 30 June 2018 as compared with that of HK$108.6 million for the previous financial year, which is due to the cessation of profit stream from profit sharing arrangements in the previous financial year.

(vi) A turnaround from share of loss of an associate of HK$13,000 for the year ended 30 June 2017 to share of profit of an associate of HK$7.5 million for the year ended 30 June 2018, which is principally attributable to the full-year effect of share of profit of Ever Praise Enterprises Limited which only became an associated company of the Group in late June 2017.

(vii) A one-off loss on disposal of an associated company of approximately HK$62.9 million recorded for the year ended 30 June 2017 whereas there is no disposal of associated company during the year ended 30 June 2018.

The abovementioned positive effects were partly offset by (a) a significant decrease in revenue contributed by the Gaming and Entertainment Business by approximately 69.09% from approximately HK$295.5 million for the year ended 30 June 2017 to approximately HK$91.3 million for the year ended 30 June 2018 as a result of the cessation of profit stream from profit sharing arrangements; (b) the tax expenses of HK$3.5 million incurred for the year ended 30 June 2018; and (c) the absence of a fair value gain on investment properties of approximately HK$10.4 million recorded for the year ended 30 June 2017.

Note 1: EBITDA refers to earnings before interest expenses and other finance costs, income tax, depreciation and amortisation.

FUNDING AND TREASURY POLICY AND FOREIGN EXCHANGE RISK

The Group adopts a prudent funding and treasury policy. All assets and liabilities of the Group were denominated in Hong Kong dollars. The functional currency of the Company and its major subsidiaries is in Hong Kong dollars in which most of their transactions and assets are denominated. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL STRUCTURE

As at 30 June 2018, the total number of issued shares of the Company was approximately 692,437,000. There was no change in the capital structure of the Company during the year ended 30 June 2018.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The bank mortgage loan which is used for purchase of our office premise had been repaid in full during the year ended 30 June 2018, resulting nil balance of bank borrowing as at 30 June 2018, compared to the outstanding bank borrowing of approximately HK$14.0 million as at 30 June 2017. The total bank and cash balance as at 30 June 2018 was approximately HK$595.6 million as compared to approximately HK$594.3 million as at 30 June 2017.

The Group had net current assets of approximately HK$898.2 million (2017: HK$1,156.4 million) as at 30 June 2018.

The total equity attributable to owners of the Company as at 30 June 2018 amounted to approximately HK$1,091.0 million (2017: HK$1,052.0 million). The gearing ratio, calculated on the basis of total debt over total equity attributable to owners of the Company as at 30 June 2018, was nil (2017: 1.33%).

As at 30 June 2018, the total liabilities amounted to approximately HK$8.3 million (2017: HK$25.3 million), comprising of current tax liabilities of approximately HK$3.4 million, deferred tax liabilities of approximately HK$1.1 million and other payables of approximately HK$3.8 million.

PLEDGE OF GROUP'S ASSETS

As at 30 June 2018, the Group's previously pledged leasehold land and building in Hong Kong had been released from the bank during the year ended 30 June 2018.

CONTINGENT LIABILITIES

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$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the year ended 30 June 2018, there has been no significant progress.

Management Discussion and Analysis

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the total number of employees of the Group was 31. The emolument policy regarding the Directors, senior management and other employees of the Group was formulated and will be reviewed by the Remuneration Committee of the Company from time to time. Employees are remunerated according to their qualifications, experience, job nature and performance and under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance coverage, share option scheme and retirement scheme.

BUSINESS OVERVIEW

As disclosed in the annual report of the Company for the year ended 30 June 2017, the Gaming and Entertainment Business accounted for the majority of the total revenue of the Group. In 2017 and 2018, Macau's gaming industry is enjoying an improvement following a recession in the previous years, especially during 2015 and 2016. According to the monthly statistics published on a monthly basis by the Gaming Inspection and Coordination Bureau, the gaming turnover has been steadily improving and recorded an increase of approximately 19.8% for the year ended 30 June 2018 compared to that for the year ended 30 June 2017. On one hand, taking into account the expected increase in the number of gaming customers due to better transport links upon the completion of Hong Kong-Zhuhai-Macau Bridge and Macau light rail, it is expected that the improvement will continue. On the other hand, the development may be restrained by the economic status of mainland China in light of the recent escalating US-China trade and renminbi weakness, which plays a crucial role in contributing to the performance of gaming industry in Macau. Although the influx of gaming customers will bring about a development in the Macau gaming industry in the near future, caution must be taken in respect of China's economy, which may affect the return of the Macau gaming industry.

In view of the fluctuating return of the gaming industry in Macau, the Group will continue to monitor the performance of the Gaming and Entertainment Business and at the same time diversify its investments by developing its hotel operations business and money lending business in Hong Kong to maintain a stable and sustainable growth of the Group.

The Group commenced its money lending business in 2017, and considered that diversification into the money lending business will provide another stream of income to maximise returns to the shareholders. In light of the stable demand for loan and the sustainability of the money lending industry in Hong Kong, the Group intends to allocate more resources to develop its money lending business. The Group will also strengthen the risk assessment procedures, which could improve the control of credit risk as well as reinforce the loan portfolio quality. The Board is of the view that the Group has both the potential and ability to further expand its money lending business and deliver a stable and durable return for the shareholders.

In relation to the hotel operations business which was also commenced in 2017, according to statistics from Hong Kong Tourism Board, total overnight visitor arrivals in Hong Kong exceeded 27 million in 2017 with a year-on-year increase of approximately 5.0%. Furthermore, taking into account other positive factors such as the completion of the Hong Kong-Zhuhai-Macau Bridge and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong High Speed Rail, it is anticipated that there will be an increasing demand for hotel facilities, which will bring about a healthy development for the tourism market in the coming years in Hong Kong.

Management Discussion and Analysis

QUALIFIED OPINION ON THE FINANCIAL STATEMENT OF THE GROUP

The auditor of the Company, RSM Hong Kong, provided a qualified opinion on intangible assets in respect of the junket business, set out below are the supplementary information regarding the aforesaid qualified opinion:

(i) Background of intangible assets in respect of the junket business

Profit Sharing Agreement

The Group entered into a profit sharing agreement ("Profit Sharing Agreement") with Hoi Long Sociedade Unipessaoal Limitada ("Hoi Long") during the year ended 30 June 2013. There is no expiry date shown in the profit sharing agreement entered into by the Group. Hoi Long is a company incorporated in Macau.

Junket Representative Agreements – Hoi Long

On 28 April 2017 and 28 May 2018, Hoi Long entered into a renewal and supplementary junket representative agreement with Sociedade de Jogos de Macau, S.A. ("SJM"). The agreements were effective from 28 April 2017 to 28 April 2018 and 28 April 2018 to 31 January 2019, respectively.

The agreement dated 28 April 2017 confirmed that Hoi Long had entered into a junket representative agreement with SJM on 26 April 2012 effective until 28 April 2015. Another two renewal agreements were signed on 27 April 2015 and 29 April 2016 effective until 28 April 2016 and 28 April 2017 respectively.

(ii) Consequences for the audit qualification

The qualified opinion for the year ended 30 June 2018 was in relation to the opening balance of the Profit Sharing Agreement and the corresponding amortisation and impairment loss charged during the years ended 30 June 2017 and 30 June 2018. Such qualified opinion does not extend to the carrying amount of the Profit Sharing Agreement of HK$38,733,000 as at 30 June 2018. As disclosed in the note 20 to financial statements, on 28 May 2018, Hoi Long and SJM renewed the junket representative agreement for a period of approximately nine months from 28 April 2018 to 31 January 2019. In the event that Hoi Long and SJM renew the junket representative agreement during the year ending 30 June 2019, the Company will engage an independent valuer to assess the recoverable amount of the Profit Sharing Agreement. If the recoverable amount of the Profit Sharing Agreement is positive, the Company will reverse the impairment loss in respect of the Profit Sharing Agreement in the amount equivalent to the aforesaid recoverable amount of the Profit Sharing Agreement. RSM Hong Kong had not issued a qualified opinion regarding the carrying amount of the Profit Sharing Agreement of HK$38,733,000 as at 30 June 2018 and they confirmed they do not foresee the Profit Sharing Agreement would be a major issue for next year audit based on the current facts and circumstances available to them. The directors of the Company believes it is unlikely that the Profit Sharing Agreement would result in any audit qualification for the year ending 30 June 2019 based on the currently available information.

QUALIFIED OPINION ON THE FINANCIAL STATEMENT OF THE GROUP (Continued)

(iii) Potential impact on the Company

Since the Company is uncertain (i) as to whether the carrying amount of the intangible assets relating to the Profit Sharing Agreement of HK$55,000,000 as at 30 June 2017 was fairly stated in the annual results of the Company for the year ended 30 June 2018; and (ii) as to whether the impairment loss and amortisation of intangible assets of HK$397,311,000 and HK$108,636,000 charged for the year ended 30 June 2017 respectively, and the amortisation of the intangible assets of HK$55,000,000 charged for the year ended 30 June 2018 were accurate, any adjustments found to be necessary in respect of the above would affect the Company's consolidated statement of profit or loss for the year ended 30 June 2018 and the related disclosures thereof in the consolidated financial statements.

(iv) View of the audit committee and management position

A meeting was held on 21 September 2018 by the audit committee of the Company (the "Audit Committee") for the purpose of approving the audited consolidated financial statements of the Company for the year ended 30 June 2018. Having considered the factors as set out in the basis for qualified opinion in the auditors' report, the members of the Audit Committee agreed with the qualified opinion expressed by RSM Hong Kong and the basis of such qualified opinion and the management's position on the carrying amount of the intangible assets in respect of the Profit Sharing Agreement and the impairment loss and amortisation of intangible assets of HK$397,311,000 and HK$108,636,000 charged for the year ended 30 June 2017 respectively and the amortisation of the intangible assets of HK$55,000,000 charged for the year ended 30 June 2018. There is no disagreement between the management's position and the Audit Committee.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Danny Xuda Huang, aged 40, has been appointed as an executive director of the Company on 1 August 2013 and re-designated as the chairman of the Board of the Company on 29 November 2013. Mr. Huang has been the chief investment officer for a number of family trusts in Hong Kong and Greater China, managing assets over US$1 billion. Prior to that, he ran a consulting firm advising high net worth clients on investments strategies and estate planning. Mr. Huang has over 10 years of professional experience in assurance and advisory, tax and financial planning, internal audit and risk management, project finance and credit control. He has worked for well-known organizations including BNP Paribas, National Australia Bank, MLC Investments, Toyota Finance, PricewaterhouseCoopers and KPMG. Mr. Huang holds a Bachelor degree in Accounting and Finance from Monash University. He is currently a Chartered Accountant in Australia and a Justice of the Peace (JP) for New South Wales.

Mr. Lin Chuen Chow Andy, aged 43, was appointed as an executive Director on 30 November 2012. Mr. Lin obtained his Bachelor of Arts (Hons) Business Management Degree from the University of Wales in 2015. He is currently an affiliate member of Hong Kong Securities and Investment Institute (“HKSI”) and has obtained the HKSI Specialist Certificates in Securities and Asset Management. He has also passed the Estate Agent Qualifying Examination of the Estate Agents Authority and has obtained an Estate Agent’s (Individual) License. He is currently the General Manager of the Company and is a veteran in gaming industry who has managed gaming business in Macau, particularly in customer relationship management. Prior to joining the Company, he had worked in the Administration Department of the Hong Kong Exchanges and Clearing Limited for a period more than thirteen years. On 4 December 2013, He has been appointed as an independent non-executive director of China Demeter Investments Limited (formerly known as Oriental Unicom Agriculture Group Limited) (“China Demeter”), a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8120), and re-designated as a non-executive director of China Demeter on 20 February 2014. On 5 February 2016, Mr. Lin resigned as a non-executive director of China Demeter.

Ms. So Wai Yin, aged 42, was appointed as an executive director on 2 August 2018. She has over 10 years of experience in the fields of corporate governance and administration. She obtained a bachelor degree in business management from University of Plymouth, the United Kingdom in September 2013 and a master degree in corporate governance and directorship from The Hong Kong Baptist University in June 2018. She is also an associate member of The Hong Kong Independent Non-executive Director Association. She joined the Group as corporate governance officer since 13 October 2016, and has been appointed as a director of Top Vast Finance Limited, a subsidiary of our Group principally engaged in the money lending business, since 1 March 2017. Prior to joining our Group, she has worked in other listed companies in Hong Kong and is responsible for overlooking administration and company secretarial matters.

NON-EXECUTIVE DIRECTORS

Mr. Nicholas J. Niglio, aged 72, was appointed as an executive director on 3 September 2007 and redesignated from an executive director to a non-executive director on 2 August 2018. He has over 25 years varied background in gambling focused entertainment field dating back to 1983. Throughout all these years, he versed himself in management of all kinds of gaming activities and have proven success of his accomplishments.

Prior to his current position, Mr. Niglio previously was Executive Vice President of Trump Taj Mahal Casino Resort, Inc. Atlantic City NJ, (“Trump”) serving as senior executive in Casino marketing and international operation, from October 1993 to August 2001, he originally joined Trump in October 1993 as Executive Vice President to oversee all operational and administrative management of marketing program. Regional offices including Asia, Middle East, Europe and Latin America were under all his management.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTORS (Continued)

Mr. Niglio worked at Caesars World Inc., Atlantic City NJ from 1986 to 1993 in such capacities as: Senior Vice President Eastern Operation and Vice President Casino Operations of Caesars Palace. He worked at Caesars in such capacities to develop casino marketing operation in all aspect and to train up staff to raise the level of customer service.

Mr. Niglio was also a senior executive holding the position of Vice President Casino Marketing and director of Casino Administration in Resort International Hotel and Casino, Atlantic City NJ from 1978 to 1986.

Mr. Niglio graduated from the California State University with a Master degree in business administration, a B.S. degree in accounting from Saint Peter's College, Jersey City NJ.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Yat Hung, Alton, aged 55, was elected as an independent non-executive Director on 5 June 2007. He has over 12 years business experience and is an elite of automobile dealer industry. At present he is currently holding directorship in a number of private companies which are engaged in automobile distribution in the PRC, among most of the finest brand automobile in the world.

He is also currently a director and chairman of both POC Holdings (HK) Ltd and Foremostar Easymax Group Co. Ltd, being private companies which were mainly engaged in real estates development in Shanghai and Nanchang respectively.

He graduated from California College of Arts and Craft, Berkeley, USA holding a Bachelor degree major in faculty of communication and fine arts. He now also has a full membership of Royal Hong Kong Yacht Club and Hong Kong Jockey Club.

Mr. Yue Fu Wing, aged 50, was appointed as an independent non-executive director and a member of the audit committee of the Company on 15 January 2005. Mr. Yue is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has a Master Degree in PRC Accounting from Jinan University in China and a Bachelor Degree in Accountancy from the City University of Hong Kong. Mr. Yue has over 10 years experience in accounting and finance. He has worked for a multinational company, a Hong Kong listed company and an international accounting firm.

Miss Yeung Hoi Ching, aged 36, was appointed as an independent non-executive director and a member of the Audit Committee of the Company on 1 April 2017. She was graduated from the University of Heriot Watt with a Bachelor degree in Business Administration in November 2011. Miss Yeung commenced her career in finance field in 2011 when she served as an administration manager of a finance company and was responsible for monitoring the business operation of the company. In 2013, Miss Yeung joined and worked for another finance company as operation manager. She has over 5 years of experience in finance and its related business.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Lam Yick Man, aged 40, was the company secretary, the financial controller and the authorized representative of the Company from 1 February 2017 to 2 August 2018.

Mr. Lam has over 10 years of extensive professional experience in the fields of accounting, finance and auditing. Prior to joining our Group, he worked for international accounting firms and other listed companies in Hong Kong.

He holds a Master degree in Corporate Governance with distinction from The Hong Kong Polytechnic University and a Bachelor degree in Business Administration from Lingnan University. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants, an ordinary member of Hong Kong Securities and Investment Institute, an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries. He has also been awarded a Diploma in Certified International Investment Analyst from the Association of Certified International Investment Analysts.

Mr. Cheung Yiu Chung, aged 31, was appointed as the company secretary, the financial controller and also the authorized representative on 2 August 2018. He obtained a bachelor of commerce degree with majors in accounting and finance in the Monash University in May 2011. He is also an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 5 years of experience in financial accounting and auditing. Prior to joining the Group, he worked at an international accounting firm for over two years primarily engaged in provision of auditing services.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Directors are committed to the maintenance of good corporate governance for the creation of Shareholder value. An effective system of corporate governance requires that our Boards approves strategic direction, monitors performance to exercise our stewardship responsibilities with due skill and care.

Save as disclosed below, the Board has adopted the code provision as set out in the Corporate Governance Code and Corporate Governance Report (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) throughout the year ended 30 June 2018.

Continuous efforts are made to review and enhance the Group’s internal controls and procedures in light of changes in regulations and development in best practice.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has developed its own securities trading code for securities transactions (the “Company Code”) by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 if the Listing Rules (the “Model Code”). Following specific enquiry by the Company, all Directors have confirmed that they have complied with the Company Code and, therefore, with the Model Code throughout the year ended 30 June 2018 and to the date of this annual report.

Corporate Governance and Other Information

BOARD AND BOARD COMMITTEES COMPOSITION

The following changes were made to the composition of the Board and the Board Committee during the year ended 30 June 2018.

The Directors as at the date of this annual report are:

	Title	Date of appointment
Executive Directors		
Danny Xuda Huang	Chairman of the Board	Appointed on 1 August 2013
Lin Chuen Chow Andy	Chief Operation Officer	Appointed on 30 November 2012
So Wai Yin	Executive Director	Appointed on 2 August 2018
Non-Executive Director		
Nicholas J. Niglio	Consultant	Appointed on 3 September 2007 and redesignated from an executive director to a non-executive director on 2 August 2018
Independent Non-Executive Directors		
Cheung Yat Hung Alton		Appointed on 5 June 2007
Yue Fu Wing		Appointed on 15 January 2005
Yeung Hoi Ching		Appointed on 1 April 2017

The Board has established three committees, being the audit committee, the remuneration committee, and the nomination committee. The Table below details the membership and composition of each of the three committee as at the date of this annual report.

Director	Audit Committee	Remuneration Committee	Nomination Committee
Danny Xuda Huang	–	–	Chairman
Nicholas J. Niglio	–	Member	–
Lin Chuen Chow Andy	–	–	–
So Wai Yin	–	–	–
Cheung Yat Hung Alton	Chairman	Chairman	Member
Yue Fu Wing	Member	Member	Member
Yeung Hoi Ching	Member	–	–

Corporate Governance and Other Information

BOARD AND BOARD COMMITTEES COMPOSITION (Continued)

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors. The Directors have no financial, business, family or other material/relevant relationships with one another. The biographical details of the Directors are set out in section “Biographical Details of Directors and Senior Management” to this annual report.

<a> Roles of Chairman and Chief Executive

The Code A.2.1 of the Corporate Governance Code stipulates that the roles of chairman of the Board (the “Chairman”) and chief executive should be separate and should not be performed by the same individual and that the division of responsibilities between the Chairman and the chief executive should be clearly stated. The Company fully supports such a division of responsibility between the Chairman and the chief executive in order to ensure a balance of power and authority. The positions of the Chairman and the chief executive are segregated and are held by Mr. Danny Xuda Huang and Mr. Lin Chuen Chow Andy respectively. These positions have clearly defined separate responsibilities.

The chairman is responsible for leading and supervising the operations of the Board, effective planning of board meetings, ensuring the Board is acting to the best interests of the Company.

The chief executive is responsible for the administration of the Company’s business, as well as to formulate and implement Company policies, and answerable to the Board in relation to the Company’s overall operation.

<b> Non-executive Director and Independent Non-executive Directors

The Non-executive Director is appointed for a term of three year.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considered all the independent non-executive Directors to be independent. One of the independent non-executive directors possesses appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.

<c> Responsibilities

The Board determines the overall strategies, monitors and controls operating and financial performance and sets appropriate policies to manage risks in pursuit of the Group’s strategic objectives. Day-to-day management of the Group’s business is delegated to the executive director or officer in charge of each division. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

BOARD AND BOARD COMMITTEES COMPOSITION (Continued)

<d> 14 board meetings, 1 annual general meeting and 1 general meeting were held during the financial year ended 30 June 2018. Independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Details of Directors' attendance records are set out below:

	Board Meetings	Attendance of Annual General Meeting	General Meeting
Executive Directors			
Mr. Danny Xuda Huang	14/14	1/1	1/1
Mr. Nicholas J. Niglio	13/14	1/1	1/1
Mr. Lin Chuen Chow, Andy	14/14	1/1	1/1
Independent non-executive Directors			
Mr. Cheung Yat Hung, Alton	9/14	1/1	0/1
Mr. Yue Fu Wing	9/14	1/1	0/1
Miss Yeung Hoi Ching	9/14	1/1	1/1

BOARD COMMITTEES

Three committees, namely, audit committee, remuneration committee and nomination committee were established under the Board to oversee their functions.

<a> Audit Committee

The audit committee comprises three independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Miss Yeung Hoi Ching. Mr. Yue Fu Wing possesses relevant professional qualifications and financial management expertise and meets the requirements of rule 3.21 of the Listing Rules.

The audit committee has clear terms of reference and is accountable to the Board. It assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance and in meeting its external financial reporting objectives.

The Group's annual results for the year ended 30 June 2018 has been reviewed by Audit Committee and audited by the auditor of the Company, RSM Hong Kong. The audit committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements for the year ended 30 June 2018 and was of the opinion that the preparation of such final results compiled with the applicable accounting standards and requirements that adequate disclosure have been made. The Audit Committee meets, at least twice a year, with external auditor to discuss any area of concern during the audit of review. The Audit Committee is mainly responsible for the appointment, reappointment and removal of external auditor, review of the interim and final results of the Group.

Corporate Governance and Other Information

BOARD COMMITTEES (Continued)

<a> Audit Committee (Continued)

2 audit committee meetings were held during the financial year ended 30 June 2018. Attendance of the members is set out below:

	Attendance of Audit Committee meetings
Members	
Mr. Cheung Yat Hung, Alton *(Chairman)*	2/2
Mr. Yue Fu Wing	2/2
Miss Yeung Hoi Ching	2/2

The following is a summary of the work performed by the audit committee during the year:

– review of the Group's audited consolidated financial statements for the year ended 30 June 2017 and unaudited consolidated financial statements for the six months ended 31 December 2017;

– review of the internal control and risk management framework;

– review of new and/or revised accounting standards and practices applicable to the Group and their impacts to the Group; and

– report of the findings and making recommendations to the Board for improvements or implementations in respect of the above matters.

BOARD COMMITTEES (Continued)

<b> Remuneration Committee

The remuneration committee comprises two independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing, and one non-executive Director, Mr. Nicholas J. Niglio. The remuneration committee was established with specific written terms of reference and is principally responsible for reviewing and approving and making recommendations to the Board on the remuneration packages of directors and senior management, including salaries, bonuses, benefits in kind and the terms on which they participate in any share option schemes. No director or senior management will determine his own remuneration. 1 remuneration committee meeting was held during the financial year ended 30 June 2018. Attendance of the members is set out below:

	Attendance of Remuneration Committee meetings
Members	
Mr. Cheung Yat Hung, Alton *(Chairman)*	1/1
Mr. Yue Fu Wing	1/1
Mr. Nicholas J. Niglio	1/1

The following is a summary of the work performed by the remuneration committee during the year:

– remuneration should be determined by taking into consideration factors such as salaries paid by comparable companies, time commitment, levels of responsibilities, employment conditions elsewhere in the Group;

– considering and confirming the policy for the remuneration of Directors and senior management; and

– reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

<c> Nomination Committee

The nomination committee comprises two independent non-executive Directors and one executive Director. The nomination committee was established with specific written terms of reference and is principally responsible for reviewing the structure, size and composition of the Board to complement the Company's corporate strategy and to identify individuals suitably qualified to become Board members. 1 nomination committee meeting was held during the financial year ended 30 June 2018.

	Attendance of Nomination Committee meeting
Members	
Mr. Danny Xuda Huang *(Chairman)*	1/1
Mr. Cheung Yat Hung, Alton	1/1
Mr. Yue Fu Wing	1/1

BOARD COMMITTEES (Continued)

<c> **Nomination Committee** (Continued)

The following is a summary of the work performed by the nomination committee during the year:

– reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and

– to assess the independence of independent non-executive Directors of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties with its written terms of reference as set out below:

(a) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the issuer's compliance with the code and disclosure in the Corporate Governance Report.

No corporate governance committee has been established and the corporate governance report has been reviewed by the Board in discharge of its corporate governance function.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the accounts which were prepared in accordance with disclosure requirement of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and applicable Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards. A statement by the auditors about their reporting responsibilities is set out on page 45 to 51 of this annual report.

The Directors, having made appropriate enquiries, confirm that there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Code B.1.5 of the Corporate Governance Code, the total remuneration of Mr. Lam Yick Man ("Mr. Lam") for the year ended 30 June 2018 is in the range of Nil to HK$1,000,000.

Further particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 13 and 14 to the financial statements.

AUDITORS' REMUNERATION

During the year ended 30 June 2018, the remuneration paid and payable to the auditors of the Company, RSM Hong Kong is set out below:

Services rendered	**Fees paid/payable** HK$'000
Statutory audit services	1,050
Non-audit services	–
Total auditor's remuneration for the year	**1,050**

INTERNAL CONTROL

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorized use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. It provides reasonable, but not absolute, assurance against material misstatement or loss and manages rather than eliminates risks associated with its business activities.

These on-going processes have been in place for the year under review, and are reviewed twice a year by the audit committee. Furthermore, the Board takes extreme precautionary measures in handling price-sensitive information. Such information is restricted to a need-to-know basis.

The Group has established an internal audit team. The functions of the internal audit team is to review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness.

RISK MANAGEMENT

The Board acknowledges that it is responsibility to ensure that the Company establish and maintains appropriate and effective risk management. The risk management process includes risk identification, risk evaluation, risk management measures and risk control and review.

RISK MANAGEMENT (Continued)

The Group's business, financial conditions and results may be effected by risk and uncertainties pertaining to the Group's business. Certain significant risks have been identified through the process of risk identification and assessment.

Credit Risk refers to the risk that the borrower or counterparty may fail to perform its obligation to pay in a timely manner, or that its ability to perform such obligation may get impaired before delivery date.

The Group's Credit Committee, is responsible for putting in place credit policies and procedures for approving lending.

TRAINING FOR DIRECTORS

All Directors must keep abreast of their collective responsibilities as Directors and of the business and activities of the Group.

As such, briefings are provided and organised to ensure that newly appointed Directors are familiar with the role of the Board, their legal and other duties and responsibilities as Director as well as the business and corporate governance practices of the Group. The company secretary of the Company will continuously update all Directors on latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

Pursuant to Code A.6.5 of the Corporate Governance Code, directors of listed company should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. For the period from 1 July 2017 to 30 June 2018, all Directors have participated in appropriate continuous professional development activities by ways of attending training or reading material relevant to the Company's business or to the Directors' duties and responsibilities.

SHAREHOLDERS' RIGHTS

(I) Convene a General Meeting

The Directors, on the requisition of shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a general meeting of the Company.

The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the registered office of the company, and may consist of several documents in like form, each signed by one or more requisitionists.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

SHAREHOLDERS' RIGHTS (Continued)

(II) Send Enquiries to the Board

The Company's corporate website provides email address, postal address and telephone number by which shareholders of the Company may at any time address their concerns or enquiries to the Board.

(III) Make Proposals at General Meetings

The procedures for proposing resolution(s) to be moved at a shareholders' meeting are as follows:

The Shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the Shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate; or at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate, may request the Company to give, to members of the Company entitled to receive notice of the annual general meeting, notice of a resolution that may properly be moved and is intended to be moved at that meeting pursuant to Section 615 of the Companies Ordinance of Hong Kong. The request may be sent to the Company in hard copy form or in electronic form and must identify the resolution of which notice is to be given; must be authenticated by the person or persons making it; and must be received by the Company not later than 6 weeks before the annual general meeting to which the request relate; or if later, the time at which notice is given of that meeting.

(IV) Proposing a person for election as director

According to the Articles of the Association, no person other than a retiring Director shall, unless recommend by the Directors for election, be eligible for election to the office of Director at any general meeting, unless a notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election as a director and also a notice in writing by that person of his willingness to be elected (including the person's biographical details as required by Rules 13.5(2) of the Listing Rules) shall be lodged with the Company Secretary at the Company's principal place of business in Hong Kong or the Share Registrar's place of business in Hong Kong provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

If such notice(s) are received less than ten business day prior to the date of such general meeting, the company will need to consider the adjournment of such general meeting in order to allow the Shareholders fourteen clear days' notice (the notice period must include ten Business Days (the notice period must include ten Business Days (Note) of the proposal.

Note: Business Day means any day on which The Stock Exchange of Hong Kong Limited is open for the business of dealing in securities.

Corporate Governance and Other Information

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognizes the importance of maintaining an on-going and timely communication with shareholders to enable them to form their own judgment and to provide constructive feedback.

The primary communication channel between the Company and its shareholders is through the publication of notices, circulars, interim and annual reports. The Company's Registrars serve the shareholders regarding all share registration matters. The Company's annual general meeting provides a useful forum for shareholders to exchange views with the Board. Separate resolutions are proposed at general meeting on each substantially separate issue, including the election of individual directors. The Company has also complied with the requirements of the Listing Rules and the Articles of Association in respect of voting by poll and other related matters.

Pursuant to Code E.1.2 of the Corporate Governance Code, the company will invite representatives of the Auditors to attend the forthcoming annual general meeting to answer the Shareholders' questions about the content of the auditors' report, the accounting policies and auditor independence.

INVESTOR RELATIONS

The Company meets regularly with the press, analysts and institutional investors to facilitate their analysis on the Company in conferences and group meetings.

During the year ended 30 June 2018, there are no significant changes in the Company's constitutional documents.

Enquiries from investors are closed with in an information and timely manner. To promote effective communication, the Company maintains a website at http://www.richgoldman.com.hk where extensive information are posted.

Environmental, Social and Governance Report

ABOUT THE REPORT

The Group reaffirms its commitment to sustainability with the publication of its second Environmental, Social and Governance ("ESG") Report, to demonstrate its efforts for sustainable development and its commitment to its customers, employees, suppliers, the community and other stakeholders (collectively referred to "stakeholders").

This report is prepared in compliance with the ESG reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited.

Reporting Scope and Period

This report discloses the policies, management approach and performance on environmental and social aspects of the Group's junket business, hotel operations and money lending businesses from 1 July 2017 to 30 June 2018 ("reporting period").

ESG MANAGEMENT APPROACH

The Group is principally engaged in investment holdings, with hotel operations and money lending business in Hong Kong and junket business in Macau. The Company has its registered office in Hong Kong. The services provided by the Group are mostly financial and office-based, and do not involve any manufacture of tangible goods.

At Rich Goldman, sustainability is about the Group's commitment to its stakeholders through sustainable growth in business, ensuring well-being of its employees and caring for the environment. The Board of the Company (the "Board") is committed to gradually integrate sustainability into our corporate development strategy, evaluating the potential risks of and opportunities inherent in issues related to aspects of environmental, social and governance arising from business operations.

The Group adopts a comprehensive approach in managing the environmental and social performance of its principal businesses. Due to the nature of the financial services business, we are fully aware that data security and anti-corruption policies are crucial to the Company's integrity and therefore we encourage all our employees to share the same values.

Though few environmental impacts can be caused by office-based work, we proactively raise the environmental awareness of our employees and manage our business operations at all levels in an environmentally friendly manner. We will continue to improve our ESG management approach and strive to be a company responsible to all its stakeholders.

STAKEHOLDER ENGAGEMENT

Stakeholder Engagement is essential for the Group to understand its stakeholders' concerns and this helps us identify risks and opportunities with regard to sustainability. The table below shows our engagement channels with stakeholders and the issues that stakeholders concern about.

Stakeholders	Issues	Engagement Channels
Customers	• Data privacy • Customer satisfaction	• Company website • Feedback from frontline employees
Employees	• Training and development • Remuneration • Occupational Health and Safety	• Weekly staff meeting • Complaints system
Community	• Contribution to the community • Environmental protection	• Support charity organizations
Government	• Legitimacy of service and business ethics • Employee protection • Tax compliance	• Compliance with applicable laws and regulations
Investors and shareholders	• Corporate governance • Business operations • Information disclosure	• Annual reports and interim reports • Press releases

LAWFUL OPERATIONS

The Group is committed to maintaining high ethical standards and treasuring integrity in its hotel operations as well as financial services. We provide our customers with high quality and legitimate services in accordance with requirements of all applicable laws in Hong Kong and Macau. We strive to protect data privacy of our customers, act against any corruption related activities and ensure proper supply chain management in our operations.

Service Responsibility

Our employees fully understand the obligation of delivering high quality service to customers. Striving to achieve a high standard of professionalism, we seek continuous improvement in service quality by welcoming comments and feedbacks from our customers. We ensure through frequent monitoring that all the information disclosed in the process of hotel bookings by agencies is up-to-date and accurate.

The Group is aware of its responsibility to promote legal and responsible gaming activities at its operating sites and to minimize any negative impacts. In compliance with Macau legislation 澳門特別行政區第10/2012號法律《規範進入娛樂場和在場內工作及博彩的條件》, in our daily practices we follow well-established procedures to promote responsible gaming, including prohibiting any underaged persons to enter the gaming area and proactively emphasize the importance of responsible gaming to our staff.

During the reporting period, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to services provided and methods of redress.

Data Privacy

The Group protects its customers' privacy by confidentially processing and maintaining personal data in compliance with "Personal Data (Privacy) Ordinance" of the Laws of Hong Kong and relevant laws in Macau. As we are engaged in financial services including money lending, we handle customers' information with extra care, to ensure that the information is properly stored and is accessible only to authorized staff and it is protected from improper disclosure or misuse.

During the reporting period, there was no non-compliance of law and regulations relating to data privacy.

Anti-corruption

The Group treasures integrity as its core value. As a financial services provider, we see money laundering as an important risk and are obligated to achieve high standards of openness and fight against any corruption activities. We strictly comply with the "Prevention of Bribery Ordinance" of the Laws of Hong Kong and relevant regulations in Macau.

The Group expects employees at all levels to share the value of integrity and honesty. All new employees in our company are required to attend a 2-hour training on anti-corruption. To ensure that they are equipped with the requisite knowledge and to help them understand the consequences of any violation of relevant laws and regulations relating to corruption. Employees are required to attend retraining programs provided by the company training officers on the same topic every half-a-year. On top of this, we also provide our employees with a staff manual that contains clear and up-to-date policies covering all areas of anti-corruption and require them to follow strictly.

The Group also has a well-established whistleblowing policy to encourage our staff to report any suspicious cases related to misconduct or malpractices in the Company. Any employee who is aware of any cases of corruption events is required to report it to the accounts department within two days.

During the reporting period, the Group was not aware of any non-compliance of law and regulations relating to bribery, fraud, extortion and money laundering.

Supply Chain Management

The Group has established a set of guidelines for procurement of goods and services, with an objective to maintain proper supply chain management in the Company. We expect our suppliers to share the same values and operate business in a responsible, fair and honest manner.

Stringent procedures are applied in the selection of suppliers. In addition, we maintain a well-established system to monitor the quality of suppliers, ensuring that the goods and services supplied are of high standard.

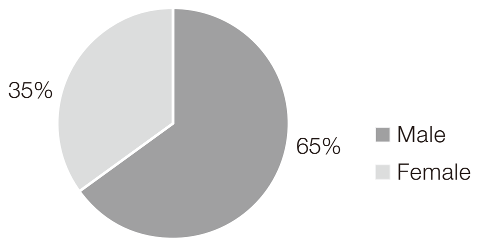
OUR PEOPLE

Employees are regarded as the Group's important and valuable assets and the key to the Group's success. We aim to provide a safe and healthy working environment to our employees, ensuring their rights and welfare and providing them with optimal development and training.

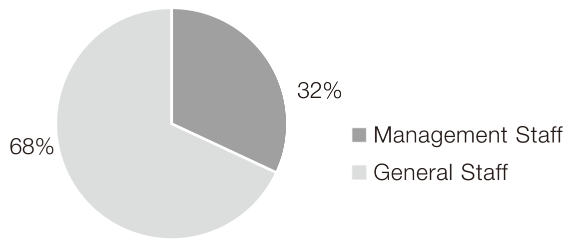
Employee Composition

As of 30 June 2018, the Group had a total of 31 employees, of which 30 were based in Hong Kong and 1 in Macau. The workforce consisted of 30 full time and 1 part-time staff. The proportion of male to female employees was 65:35. 68% of the Company's employees was general staff and 32% was at the management level. 10% of the total workforce was aged 30 or below, 55% aged 31 - 50 and 35% aged above 50.

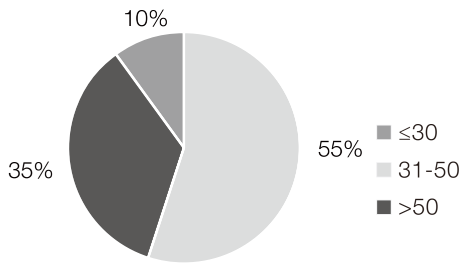
Gender Profile



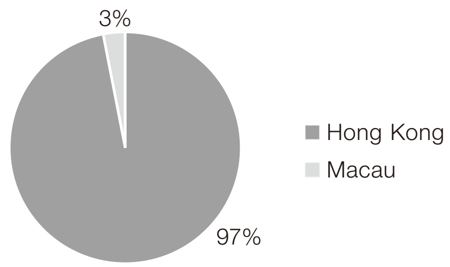
Professional Profile



Age Profile



Regional Profile



Employee Rights and Welfare

The Group prioritizes the rights and benefit of its employees. We believe wellbeing of employees is correlated to their productivity and sense of belonging towards the Company. We strive to move forward with high labor standards, respect human rights and minimize the turnover rate.

The Group strictly complies with applicable local regulations, including but not limited to the "Employment Ordinance" and "Minimum Wage Ordinance", to ensure fair remuneration and benefits for our employees. We provide employees compensation and benefits such as medical welfare, performance appraisal, annual leave, paid sick leave, marriage leave, maternity leave, compassionate leave, etc. The Group also forbids any sexual or racial discrimination.

During the reporting period, there were no instances of non-compliance of law and regulations relating to employment and labor practices.

Labor Standards

The Group prohibits engagement of child and forced labor in compliance with the relevant law of Macau 澳門特別行政區第10/2012號法律《規範進入娛樂場和在場內工作及博彩的條件》. We have implemented a preventive recruitment procedure with a thorough background check, to ensure that no underaged or illegal persons are recruited. Besides, the Group does not in any way force its employees to work overtime. Employees are compensated in accordance with labor laws and company practices on overtime compensation in cases where work outside normal working hours is inevitable.

During the reporting period, there was no employment of child labor discovered, nor any non-compliance of law and regulations relating to forced labor.

Development and Training

The Group believes that development and training are crucial to enhance its employees' potential for work advancement. To improve employees' professional knowledge and skills, we provide on-job training to our employees with contents covering occupational health, corporate governance, etc. We also offer a sponsored training program to all our employees, aiming to encourage and support them in pursuing professional development and continuous learning through external training.

Community Involvement

As a responsible company, the Group shows its care to the community by participating in charity works, striving hard to encourage the community's social and cultural development. During the reporting period, the Group donated to The Youth Encouragement Foundation Limited (青少年勉勵基金), subsidizing the tutorial fee for eligible primary school students in Hong Kong and showing it cares for the poor. We also encourage our employees to participate in voluntary community works in both Macau and Hong Kong. Being part of the community, we wish to create a harmonious and friendly community for everyone.

Occupational Health and Safety

The Group provides its employees with a safe and healthy working environment. We ensure that our daily operations are compliant with all applicable rules, to minimize and protect employees from any occupational health and safety hazards that may cause risks.

Office Safety

The Company provides its employees with a set of guidelines to ensure a safe and healthy workplace for all of its workforce. We provide medical benefits to our employees, prohibit smoking in non-smoking areas or bringing in explosives or illegal drugs without permission. We also circulate internal memorandum among our staff to remind them about information related to occupational health and safety.

Fire Safety

Our hotel is equipped with qualified fire installations and equipment to ensure fire safety, in compliance with the “Fire Safety (Buildings) Ordinance” (Chapter 572). All the building’s fire protection systems are installed by a registered Fire Service Installation contractor and are inspected annually.

Indoor Air Pollution Prevention

The ventilation systems in our hotel are annually inspected. During the reporting period, the ventilation system in our hotel was proved to be in safe and efficient working order in accordance with Regulation 5A of the “Building (Ventilation Systems) Regulations” (Cap. 123J).

During the reporting period, there was no violation of any laws and regulations relating to occupational health or safety in Hong Kong or Macau.

ENVIRONMENTAL PROTECTION

Despite the fact that little environmental impact can be caused by office-based operations, the Group is committed to operating its business in an environmentally friendly manner, foster mindful resources consumption in daily operations and improve its employees’ environmental awareness. We constantly monitor our environmental performance and strive hard to reduce the negative impacts to the environment.

During the reporting period, the Group complied strictly with all relevant environmental laws and regulations in Hong Kong and was not aware of any non-compliance of law and regulations that could have significant impacts on the Group relating to air and greenhouse gas emissions, discharges into water and land, or generation of hazardous and non-hazardous waste.

Use of Resources

Our company does not possess any vehicles and therefore does not consume any petrol or diesel. The consumption of resources within the Group's operation involves the use of towngas, electricity and water.

The total consumption of towngas in our hotel operations amounted to 741,456 megajoules (MJ) and the purchased electricity in our Hong Kong office amounted to approximately 852,891 kWh, with an energy intensity of 29.21 MJ per thousand Hong Kong dollar revenue. Regarding water resources, the Group does not have any issues in sourcing water that is fit for purpose. The water consumption in our office during the reporting period amounted to approximately 5,129 cubic meters (m^3), with the water intensity of 0.039 m^3 per thousand Hong Kong dollars revenue.

Type of Resources	Amount of Consumption	Consumption Intensity (per '000 HKD revenue)
Towngas	741,456.00 MJ	29.21 MJ/'000 HKD
Purchased Electricity	852,891.00 kWh	
Water	5,129.00 m^3	0.039 m^3/'000 HKD

As for other resources, the Group is in financial services and hotels businesses and does not manufacture tangible goods. Therefore, the Group did not consume any packaging materials during the reporting period.

Emissions

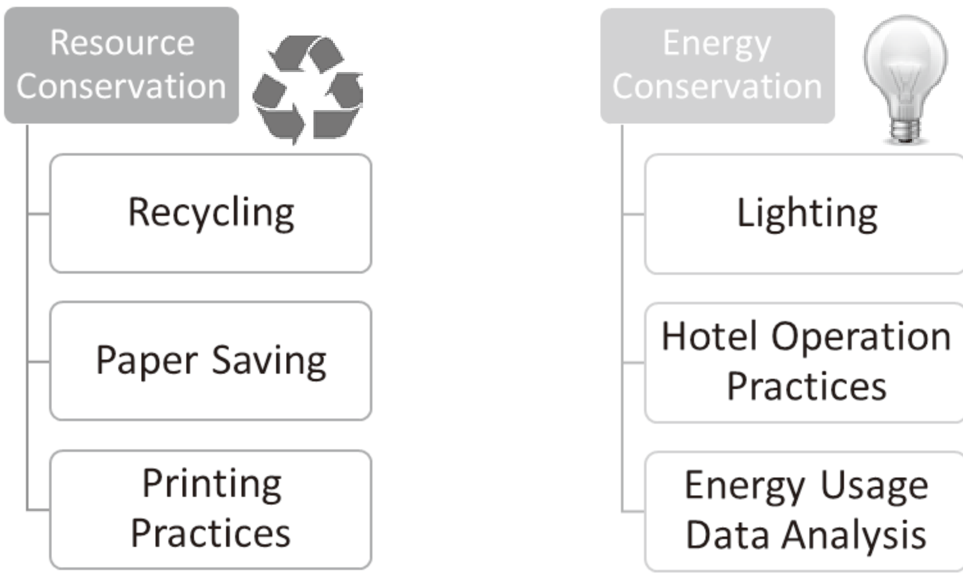
The combustion of towngas in our hotel operation generated 0.01 kg of sulphur oxides (SO_x) and 2.98 kg of nitrogen oxides (NO_x). While the purchased electricity and towngas used in operations generated direct greenhouse gas emissions (Scope I) of approximately 39.43 tonnes of carbon dioxide equivalent (tCO_2e) and indirect greenhouse gas emissions (Scope II) of approximately 447.95 tCO_2e. Notwithstanding the fact that the volume of hazardous waste and non-hazardous waste generated are of no significance due to office-based operations, we ensure that all the waste we have generated are properly collected and handled by the property management office.

Air Emissions	Amount
Sulphur oxides (SO_x)	0.01 kg
Nitrogen oxides (NO_x)	2.98 kg

Greenhouse Gas Emissions	Amount
Scope I	39.43 tCO_2e
Scope II	447.95 tCO_2e

Resource and Energy Conservation

The Group strives to take any and all feasible measures to incorporate sustainability into its business operations and improve its environmental performance. Realizing that resource conservation is crucial for maintaining environmental sustainability, we promote green office management and encourage our employees to be aware of the need for resource conservation in daily operations. We pledge to reduce resource consumption and carbon footprint in all our businesses and operations through the application of following actions and practices:



Recycling

We recommend our staff to use reusable cups and bowls while at work to reduce the use of disposable containers and minimize the wastage and harm to the environment. We recycle each and every printer toner cartridge, rechargeable battery and CD-ROM disc and encourage proper sorting of recyclables including waste paper, metals and plastics.

Paper saving and printing practices

To avoid overuse of paper, we encourage duplex printing for most of the printing jobs in our office. We preset the fax machine to convert incoming messages to PDF files and transfer them directly to the server to avoid bulk printing of promotional copies. Single-sided papers, envelopes and the backside of letter pads are also reused to the greatest extent.

Energy saving

During daytime, we make use of daylight whenever possible to save electricity used in lighting. We switch off all appliances when not in use and use energy-saving light bulbs to reduce power consumption. In our hotel, customers are given a choice to change the bed linen every other day as a part of our environmental responsibilities for water saving. For future planning, we collect and analyze energy usage data in a regular manner. We also encourage our suppliers and subcontractors to improve their environmental performance and conduct business in an environmentally friendly manner wherever appropriate.

PERFORMANCE DATA SUMMARY

		Unit	2018
Workforce Demographics	**Total Headcount**		31
	By Geographical Distribution		
	Hong Kong		30
	Macau		1
	By Age		
	≤30		3
	31-50		17
	>50		11
	By Gender		
	Male		20
	Female		11
	By Function		
	Management		10
	General Staff		21
Environment	**Total Resources Consumption**		
	Electricity	kWh	852,891
	Towngas	MJ	741,456
	Energy Intensity	MJ/'000 HKD revenue	29.21
	Water	m^3	5,129
	Water Intensity	m^3/'000 HKD revenue	0.039
	Sulphur oxides (SO_x)	kg	0.01
	Nitrogen oxides (NO_x)	kg	2.98
	Greenhouse Gas (GHG) Emissions		
	Scope I: direct carbon emissions	tCO_2e	39.43
	Scope II: indirect carbon emissions	tCO_2e	447.95
	Total GHG Emissions	tCO_2e	487.38

ESG CONTENT INDEX

The contents of this report include KPIs listed in the HKEX ESG Reporting Guide.

KPIs	HKEX ESG Reporting Guide Requirements		Section/Remarks
A. Environmental			
Aspect A1: Emissions	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Environmental Protection
	KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection – Emissions
	KPI A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity.	Environmental Protection – Emissions
	KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity.	Environmental Protection – Emissions
	KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity.	Environmental Protection – Emissions
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection – Resource and Energy Conservation
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection – Resource and Energy Conservation
Aspect A2: Use of Resources	**General Disclosure** Policies on the efficient use of resources, including energy, water and other raw materials.		Environmental Protection – Use of Resources
	KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Environmental Protection – Use of Resources
	KPI A2.2	Water consumption in total and intensity.	Environmental Protection – Use of Resources
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection – Resource and Energy Conservation
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection – Use of Resources
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Environmental Protection – Use of Resources

KPIs	HKEX ESG Reporting Guide Requirements		Section/Remarks
Aspect A3: The Environment and Natural Resources	**General Disclosure** Policies on minimizing the issuers' significant impact on the environment and natural resources.		Environmental Protection – Resource and Energy Conservation
	KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – Resource and Energy Conservation
B. Social			
Aspect B1: Employment	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Our People – Employee Rights and Welfare
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Our People – Employee Composition
Aspect B2: Health and Safety	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Our People – Occupational Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our People – Occupational Health and Safety
Aspect B3: Development and Training	**General Disclosure** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Our People – Development and Training
Aspect B4: Labor Standards	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labor.		Our People – Labor standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Our People – Labor standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our People – Labor standards

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B5: Supply Chain Management	**General Disclosure** Policies on managing environmental and social risks of the supply chain.	Lawful Operations – Supply Chain Management
Aspect B6: Product Responsibility	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Lawful Operations – Service Responsibility, Data Privacy
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Lawful Operations – Data Privacy
Aspect B7: Anti-corruption	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Lawful Operations – Anti-corruption
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Lawful Operations – Anti-corruption
Aspect B8: Community Investment	**General Disclosure** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our People – Community Involvement
	KPI B8.1 Focus areas of contribution.	Our People – Community Involvement

Report of the Directors

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 30 June 2018.

PRINCIPAL PLACE OF BUSINESS

The Company is a company incorporated in Hong Kong and has its registered office and principal place of business at Room 1807, 18/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in the note 22 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (collectively referred to as the "Group") during the financial year are set out in note 8 to the financial statements.

BUSINESS REVIEW

General

Further discussion and analysis of our Group's principal activities, including a business review for the Year and an indication of the likely future developments of our Group's business can be found in the Management Discussion and Analysis of this Report and forms part of this directors' report.

Principle risks and uncertainties and the respective risk responses

The following section lists out the key risks and uncertainties which the Group faces. It is a non-exhaustive list and there may be other risks and uncertainties in addition to the key risks factors outlined below:

Description of principal risks:	**Risk responses:**
Economic and Political Outlook	
The Group's business is based in Macau and Hong Kong, changes in certain political and economic risks in Macau and Hong Kong may have a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, it is expected that a significant number of patrons for the gaming business to be from mainland China. Any slowdown in economic growth, decline in economic conditions or changes to China's current restrictions on travel and currency movements could disrupt the number of Chinese patrons to the casinos in Macau as well as the amounts they are willing to spend in the casinos.	The economic environment is constantly evaluated by the Directors in order to promptly respond to any changes. The political agenda in Hong Kong, Macau and Mainland China is also monitored closely for any changes. The Directors are responsible for determining an overall market risk control framework, monitoring and assessing market conditions, devising refined policies in light of the above adverse factors affecting the Group's performance and market position and tailoring marketing strategy to cater to changes in economic and political outlook. The senior management is responsible for making sure that the policies so developed are duly implemented and executed.

Report of the Directors

BUSINESS REVIEW (Continued)

Principle risks and uncertainties and the respective risk responses (Continued)

Description of principal risks:	**Risk responses:**
Management & Operational Risk	
Insufficient or ineffective internal controls in daily operations may lead to financial loss and reputational damage, including but not limited to contractual risks, abusive use of discount, cash misappropriation, fraud committed with external parties, loss of physical assets.	The executive Directors meet regularly to review operational issues, conduct sample checks on the loan files for proper security documentation. The senior management is responsible for supervising the day-to-day adherence of operational control procedures and maintenance of security documentation. Training is also provided to employees on policies and procedures, as well as to update them of current legislation and practices. Credit monitoring policies and operational procedures have been formulated (which are continuously updated) to ensure that employees comply with internal procedures and requirements. Internal audit will also conduct independent review on a regular basis.
Valuation of pledged collaterals and investment properties	
Secured mortgage loans may be granted to customers based on the values of mortgaged properties. In the event that the value of the mortgaged properties decrease to the extent that it is not sufficient to cover the relevant mortgage loan, there may be a need to make provision for impairment or write off the relevant mortgaged loan if the customer is not able to provide further collateral or repay the mortgage loan. This will in turn affect the profitability and the financial position of the Group.	The Directors and senior management will closely monitor the safety margin of our mortgage loans and assess the relevant risk from time to time. The loan officers will also assess individually whether such amount of mortgage loans can be fully recovered with reference to the loan repayment ability of that customer and monitoring the loan-to-value ratio of the loan by conducting valuation of the mortgaged properties from time to time.

RESULTS AND DIVIDEND

The profit of the Group for the year ended 30 June 2018 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 52 to 118.

The directors of the Company do not recommend the payment of any dividend for the year ended 30 June 2018.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3.

Report of the Directors

RESERVES

Details of movements in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 55 and note 36 to the financial statements, respectively.

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the Group's property, plant and equipment, and investment properties during the year are set out in notes 18 and 19 to the financial statements, respectively.

BORROWINGS

The maturity profile of the bank borrowings and assets pledged are set out in note 28 to the financial statements.

SHARE CAPITAL

– Details of the share capital of the Company are set out in note 29 to the financial statements.
– There were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

Executive Directors:
Mr. Danny Xuda Huang *(Chairman)*
Mr. Lin Chuen Chow, Andy *(Chief Operation Officer)*
Ms. So Wai Yin (appointed on 2 August 2018)

Non-executive Director:
Mr. Nicholas J. Niglio (redesignated from an executive Director to a non-executive Director on 2 August 2018)

Independent non-executive Directors:
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Miss Yeung Hoi Ching

In accordance with Articles 79 and 84 of the Company's Articles of Association, Ms. So Wai Yin shall retire by rotation and being eligible, offer herself for re-election as executive director. Mr. Cheung Yat Hung, Alton shall retire by rotation and being eligible, offer himself for re-election as independent non-executive director. Mr. Nicholas J. Niglio shall retire by rotation and being eligible, offer himself for re-election as non-executive director. Mr. Cheung Yat Hung, Alton and Mr. Yue Fu Wing, both independent non-executive directors, have served the Company for more than nine years. Pursuant to the Corporate Governance Code of the Listing Rules, their re-election will be subject to separate resolutions to be approved at the 2018 Annual General Meeting.

The terms of office of non-executive Directors are subject to retirement by rotation in accordance with the above.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and considers all of the independent non-executive Directors to be independent.

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

(1) Shares

As at 30 June 2018, none of the Directors and the chief executive, and any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Future Ordinance (the "SFO"), which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(2) 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.

Name of directors	Number of Shares options held	Percentage of Outstanding Options as at 30 June 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 any of their associates, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

On 18 September 2007, an ordinary resolution passed to approve the termination of the Scheme and adoption of a new share option scheme (the "New Scheme"). Upon adoption of the New Scheme, the Scheme was terminated and no further option would be granted.

Details of movements in the share options of the Company during the year are set out in note 30 to the financial statements.

At 30 June 2017, the total number of shares available for issue under the New Scheme was 12,768,000 shares, representing 1.84% of the number of ordinary shares of the Company in issue as at 30 June 2017. During the year ended 30 June 2017, 4,646,000 options granted under the New Scheme were lapsed because of the resignation of the eligible participant.

At 30 June 2018, the total number of shares available for issue under the New Scheme was 12,534,000 shares, representing 1.81% of the number of ordinary shares of the Company in issue as at 30 June 2018. During the year ended 30 June 2018, 234,000 options granted under the New Scheme were lapsed because of the expiration of exercise period of share options.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES (Continued)

At 30 June 2018 and 2017, the options have exercise prices of HK$0.610 and HK$0.610 and HK$3.307 under the New Scheme respectively. At 30 June 2018 and 2017, the weighted average remaining contractual life of the options was 7.76 and 8.42 years respectively.

Saves as disclosed above, at no time during the year 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 debenture of the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Other than the share option schemes of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

SUBSIDIARIES AND ASSOCIATE

Details of the Company's subsidiaries and associate as at 30 June 2018 are set out in the notes 22 and 23 to financial statements, respectively.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

PURCHASE, SALE 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 year.

PERMITTED INDEMNITY

The Articles of Association provides that if any director or other officer shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure, the director or officer so becoming liable as aforesaid from any loss in respect of such liability. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the directors of the Group.

DIRECTOR'S SERVICE CONTRACT

There is no service contract with any director which is not determinable by the Company or any of its subsidiaries which one year without payment of compensation, other than normal statutory compensation.

CONNECTED TRANSACTIONS

During the period from the date of the 2017 annual report of the Company to the date of this report, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 35 to the financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which any director of the Company or any entity connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of Directors' remuneration, five highest paid individuals' emoluments and staff costs are set out in notes 13 and 14 to the financial statements.

MAJOR CUSTOMERS

The percentage of revenue for the year attributable to the Group's major customers are as follows:

Sales	
– the largest customer	62.05%
– five largest customers in aggregate	77.15%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 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 required 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
Mr. Wong Yau Shing	Long	108,000,000	15.60%
Miss Lin Yee Man	Long	205,125,000	29.62%

Save as disclosed above, no person had registered an interest of 5% or more of the 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 was required to be recorded under Section 336 of SFO as at 30 June 2018.

MATERIAL RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group are set out in note 35 to financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Details of biographical details of the Company's directors and senior management are set out in section "Biographical Detail of Directors and Senior Management" to this annual report.

RETIREMENT SCHEME

Particulars of the retirement scheme operated by the Group are set out in note 4(q) to the financial statements. In the opinion of the Company's directors, the Group had no significant obligations at 30 June 2018 for long service payment to its employee pursuant to the requirements under the Employment Ordinance.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Company's directors, the Company was in compliance with the provisions of the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 of the Listing Rules throughout the accounting year covered by the financial statements, except for the Code Provisions A.6.7, details of which are set out in the Corporate Governance Report on pages 15 to 25 of this annual report.

The Company has complied with the code of conduct regarding to securities transactions by the Directors on terms no less than exacting than the required standard dealings as set in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding to securities transaction by the directors adopted by the Company. Details of compliance with the Model Code by directors are set out in the Corporate Governance Report on pages 15 to 25 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDIT COMMITTEE

The audit committee, comprising three members, all being independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's financial statements for the year ended 30 June 2018.

AUDITOR

The consolidated financial statements of the Group for the year ended 30 June 2017 were audited by Zhonghui Anda CPA Limited ("Zhonghui") who resigned as auditor of the Company with effect from 2 May 2018.

On 2 May 2018, RSM Hong Kong was appointed as new auditor of the Company to fill the casual vacancy following the resignation of Zhonghui and to hold office until the conclusion of the next annual general meeting of the Company.

The consolidated financial statements of the Group for the year ended 30 June 2018 were audited by RSM Hong Kong. A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint RSM Hong Kong as auditor of the Company.

On Behalf of the Board

Danny Xuda Huang
Chairman

Hong Kong, 21 September 2018

Independent Auditor's Report

TO THE MEMBERS OF RICH GOLDMAN HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the consolidated financial statements of Rich Goldman Holdings Limited, and its subsidiaries (the "Group") set out on pages 52 to 118, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As at 30 June 2017, the Group's intangible assets included a profit sharing agreement with a junket operator, Hoi Long, with a carrying amount of HK$55,000,000. The Hoi Long profit sharing agreement had no expiry date. In estimating its useful life, the directors made reference to the term of the related junket representative agreement which was effective to 28 April 2018 and determined an estimated useful life of 10 months. The junket representative agreement may be terminated by the casino operator by giving 30 days notice. During the year ended 30 June 2017, the junket operators of the Group's other profit sharing arrangements each received termination notices from the casinos operators. In light of this fact and the challenging business environment for casino operators in Macau, there was significant uncertainty as to whether the Hoi Long profit sharing arrangement would be terminated before its expiry date of 28 April 2018. Accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of the intangible assets related to Hoi Long profit sharing arrangement of HK$55,000,000 as at 30 June 2017. The profit sharing arrangements terminated during the year ended 30 June 2017 had remaining useful lives at 1 July 2016 of 6 years which assumed renewals at the end of the effective terms of the related junket representative agreements. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the reasonableness of this assumption and therefore as to the appropriateness of the amortisation and impairment loss of intangible assets recognised for the year ended 30 June 2017. There are no other satisfactory audit procedures that we could adopt to determine whether the carrying amounts of these intangible assets of HK$55,000,000 as at 30 June 2017 are fairly stated, and the accuracy of the impairment loss and amortisation of the intangible assets of HK$397,311,000 and HK$108,636,000 charged for the year ended 30 June 2017 respectively and the amortisation of the intangible assets of HK$55,000,000 charged for the year ended 30 June 2018.

BASIS FOR QUALIFIED OPINION (Continued)

Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance and cash flows for the year ended 30 June 2018 and 2017 and the financial position of the Group as at 30 June 2017, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of trade receivables from gaming and entertainment business

2. Impairment of loans receivable from money lending business

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key Audit Matter

Impairment of trade receivables from gaming and entertainment business

(Refer to Note 26 to the consolidated financial statements)

As at 30 June 2018, the Group had gross trade receivables from gaming and entertainment business of approximately HK$124,794,000 (2017: HK$508,780,000) and provision for impairment of these receivables of approximately HK$59,007,000 (2017: HK$101,007,000).

Trade debts from gaming and entertainment business are assessed on an individual customer basis to estimate the future cash flows that will be recovered. Management assesses all available information, both prior to and following the year end in assessing the level of impairment provision, such as settlement track records of debts, trade receivable aging, background and financial condition of the customers, collaterals held by the Group and cash received subsequent to the year end.

We identified the recoverability of trade receivables from gaming and entertainment business as a key audit matter because determining the provision for impairment of these receivables involves significant management's estimation and judgement.

How our audit addressed the Key Audit Matter

Our audit procedures included, among others:

– Assessing the Group's procedures on granting credit limits and credit periods to customers;

– Performing inquiry with management on the likelihood of the recoverability of the trade receivables;

– Performing testing on aging report to ensure the accuracy of classification of trade receivables aging;

– Obtaining settlement details of trade receivables during the year and subsequent to the end of the reporting period and perform sample testing on such settlement records;

– Assessing the reasonableness of impairment of trade receivables with reference to the credit history of individual customers and collaterals held by the Group; and

– Evaluating management's estimations in the fair value measurement of the collaterals held by the Group.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loans receivable from money lending business *(Refer to Note 27 to the consolidated financial statements)* The Group had loans receivable from customers amounting to approximately HK$252,143,000 (2017: HK$65,000,000) as at 30 June 2018. As part of the Group's credit policy, management assessed the recoverability of each loan receivable individually. As at 30 June 2018, no impairment allowance was made for loans receivable (2017: Nil). The identification of doubtful debts in the individual assessments requires significant judgement about whether objective evidence for impairment exists, taking into consideration the current creditworthiness and the past collection history of each debtor. It also requires significant estimates when determining the estimated recoverable amount of the doubtful loans receivable.	We understood and tested the key controls over the impairment of loans receivable and focused on: – The identification of impairment events; – The assessment and approval processes for the determination of the extent to which impairment should be made; – The governance over the impairment assessments processes, including the continuous re-assessment by management that the impairment policy is still calibrated in a way which is appropriate for the impairment risks in the Group's loan portfolios. In addition, for a sample of loans, we performed audit test to ascertain whether any impairment events had occurred including consideration of forbearance. We considered the payment performance, the financial condition and the collaterals held by the Group of these customers and other relevant factors.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 June 2017 were audited by another auditor who expressed a qualified opinion on the carrying amount of the intangible assets as at 30 June 2017 and the accuracy of the impairment loss and amortisation of these intangible assets for the year ended 30 June 2017 and on the loss on disposal of associate for the year ended 30 June 2017. Their auditor's report was dated 29 September 2017.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER MATTERS UNDER 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the intangible assets as described in the Basis for Qualified Opinion section of our report above, we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

The engagement partner on the audit resulting in this independent auditor’s report is Mr. Wong Tak Man, Stephen.

RSM Hong Kong
Certified Public Accountants
Hong Kong
21 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	8	**130,484**	296,797
Cost of services provided		**(14,938)**	(204)
Other income	9	**4,659**	4,898
Other gains and losses	10	**(151)**	10,400
Amortisation of intangible assets		**(78,105)**	(108,636)
Reversal of impairment losses/(impairment losses) on intangible assets		**49,800**	(397,311)
Reversal of impairment losses on trade receivables		**41,892**	306,279
Administrative expenses		**(13,035)**	(13,296)
Profit from operations		**120,606**	98,927
Share of profit/(loss) of an associate		**7,532**	(13)
Gain on bargain purchase on acquisition of an associate		**–**	4,327
Loss on disposal of an associate		**–**	(62,855)
Finance costs	11	**(208)**	(437)
Profit before tax		**127,930**	39,949
Income tax expense	15	**(3,546)**	–
Profit and total comprehensive income for the year	12	**124,384**	39,949
Attributable to:			
Owners of the Company		**39,009**	(10,153)
Non-controlling interests		**85,375**	50,102
		124,384	39,949
		HK$	HK$
Earnings/(loss) per share	17		
Basic		**0.06**	(0.01)
Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	**68,023**	70,573
Intangible assets	20	**45,533**	73,838
Goodwill	21	**2,644**	2,644
Investment in an associate	23	**88,671**	81,116
Deferred tax assets	24	**–**	426
Available-for-sale investments	25	**–**	–
Loans receivable	27	**124,000**	–
TOTAL NON-CURRENT ASSETS		**328,871**	228,597
CURRENT ASSETS			
Trade and other receivables	26	**69,647**	410,561
Loans receivable	27	**128,143**	65,000
Due from an associate	23	**111,947**	110,485
Bank and cash balances		**595,633**	594,302
TOTAL CURRENT ASSETS		**905,370**	1,180,348
CURRENT LIABILITIES			
Other payables		**3,801**	9,920
Bank borrowing	28	**–**	14,009
Current tax liabilities		**3,401**	–
TOTAL CURRENT LIABILITIES		**7,202**	23,929
NET CURRENT ASSETS		**898,168**	1,156,419
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,227,039**	1,385,016
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	**1,122**	1,403
NET ASSETS		**1,225,917**	1,383,613

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
CAPITAL AND RESERVES			
Share capital	29	**1,171,921**	1,171,921
Other reserves	37	**(80,947)**	(119,955)
		1,090,974	1,051,966
Non-controlling interests		**134,943**	331,647
TOTAL EQUITY		**1,225,917**	1,383,613

Approved by the Board of Directors on 21 September 2018 and are signed on its behalf by:

Danny Xuda Huang	**Lin Chuen Chow, Andy**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Attributable to owners of the Company								
	Share capital	Property revaluation reserve	Non-distributable reserve	Share options 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 2016	1,171,921	5,922	2,264	6,133	(51,221)	(72,900)	1,062,119	389,533	1,451,652
Total comprehensive income for the year	–	–	–	–	–	(10,153)	(10,153)	50,102	39,949
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(107,988)	(107,988)
Transfer to accumulated losses upon lapse of share options	–	–	–	(1,899)	–	1,899	–	–	–
At 30 June 2017 and 1 July 2017	1,171,921	5,922	2,264	4,234	(51,221)	(81,154)	1,051,966	331,647	1,383,613
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**39,009**	**39,009**	**85,375**	**124,384**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(282,080)**	**(282,080)**
Transfer to accumulated losses upon lapse of share options	**–**	**–**	**–**	**(293)**	**–**	**293**	**–**	**–**	**–**
At 30 June 2018	**1,171,921**	**5,922**	**2,264**	**3,941**	**(51,221)**	**(41,852)**	**1,090,975**	**134,942**	**1,225,917**

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**127,930**	39,949
Adjustments for:		
Finance costs	**208**	437
Depreciation	**3,234**	725
Amortisation of intangible assets	**78,105**	108,636
Fair value gain on investment properties	**–**	(10,400)
Gain on bargain purchase on acquisition of an associate	**–**	(4,327)
Loss on disposal of an associate	**–**	62,855
Loss on disposals of property, plant and equipment	**62**	–
Share of (profit)/loss of an associate	**(7,532)**	13
Bank interest income	**(4,622)**	(665)
Interest income on loans receivable	**–**	(2,829)
Reversal of impairment losses on trade receivables, net	**(41,892)**	(306,279)
(Reversal of impairment losses)/impairment losses on intangible assets	**(49,800)**	397,311
Impairment loss of other receivables	**89**	–
Operating profits before working capital changes	**105,782**	285,426
Decrease in trade and other receivables	**382,692**	525,940
Increase in loans receivable	**(187,143)**	(65,000)
Decrease in other payables	**(6,119)**	(4,113)
Net cash generated from operating activities	**295,212**	742,253
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**4,622**	665
Purchases of property, plant and equipment	**(746)**	–
Acquisition of a subsidiary	**–**	(9,272)
Acquisition of an associate	**–**	(187,287)
Proceeds from disposal of an associate	**–**	10,000
(Repaid to)/advance from an associate	**(1,462)**	245
Net cash generated from/(used in) investing activities	**2,414**	(185,649)

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	**(282,078)**	(107,988)
Repayment of bank borrowing	**(14,009)**	(2,439)
Interest on bank borrowing	**(208)**	(437)
Net cash used in financing activities	**(296,295)**	(110,864)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,331**	445,740
CASH AND CASH EQUIVALENTS AT 1 JULY	**594,302**	148,562
CASH AND CASH EQUIVALENTS AT 30 JUNE	**595,633**	594,302
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**595,633**	594,302

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

1. GENERAL INFORMATION

Rich Goldman Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is Room 1807, 18/F, West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 22 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 July 2017. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of the amendments on the Group's consolidated financial statements has been the inclusion of additional disclosures in note 31.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 July 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 31 December 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

The Group does not expect the other new and revised HKFRSs that have been issued but are not yet effective would have a material impact on the Group's consolidated financial statements upon their initial application.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 30 June 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(a) Classification and measurement

The Group expects to irrevocably designate those unlisted equity securities currently classified as available-for-sale as at fair value through other comprehensive income.

Fair value gains and losses on these instruments will no longer be recycled to profit or loss on disposal. Impairment losses on equity securities will no longer be recognised in profit loss but rather in other comprehensive income.

(b) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the new impairment model will result in earlier recognition of impairment losses but is unable to quantify the impact as detailed credit analysis is not yet completed.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the timing of revenue recognition is expected to be affected.

Currently, revenue from gaming and entertainment business and hotel operations is recognised on the date of transaction when the relevant services are rendered.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from the gaming and entertainment business and hotel operations.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 34 the Group's future minimum lease payments under non-cancellable operating leases for its office/hotel properties amounted to HK$23,315,000 as at 30 June 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

HK(IFRIC) 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and goodwill (Continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's presentation currency and functional currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land (classified as finance leases), held for use for administrative purpose, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Land and buildings	25 years
Leasehold improvement and decoration	4-5 years
Furniture, fixtures and equipment	5 years
Computer equipment	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases.

Where the Group is the lessee, lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Where the Group is the lessor, rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is calculated on a straight-line basis over their estimated useful lives.

Impact is reviewed annually or where there is any indication that the intangible assets has suffered an impairment loss.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, loans receivable and bank and cash balances are classified in this category.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

(j) Trade and other receivables

Trade receivables are amounts due from customers for services performed or provision and arrangement of credit facilities to the customers in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Interest income on loans receivable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Services income is recognised when the services have been provided to the customers.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income is recognised on a straight-line basis over the lease term.

(q) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(s) Borrowing costs

All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(u) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties (Continued)

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies: (Continued)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

(viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(v) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the financial asset(s) have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade and loan receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade and loan receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

For available-for-sale equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

(x) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(y) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Subsidiaries with less than 50% equity interest held by the Group

For Base Move Investments Limited and Essence Gold Investment Limited

Although the Group owns less than 50% of the equity interest in Base Move Investments Limited ("Base Move") and Essence Gold Investment Limited ("Essence Gold"), Base Move and Essence Gold are treated as subsidiaries because according to the respective shareholders' agreements, the Group has control of Base Move and Essence Gold, because they have appointed two out of three directors in the respective board of directors of the subsidiaries.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment allowance for trade receivables and loans receivable

The Group makes impairment allowance based on assessments of the recoverability of the trade receivables and loans receivable, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment allowance, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade receivables and loans receivable and impairment allowance in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

As at 30 June 2018, the impairment allowance for trade receivables and loans receivable amounted to approximately HK$59,007,000 (2017: HK$101,007,000).

(b) Impairment of intangible assets

In accordance with HKAS 36 'Impairment of Assets" and the relevant accounting policy stated in note 4, the Group is required to test each of intangible assets for impairment by comparing its recoverable amount with its carrying amount when there is any indication that such asset may be impaired. An impairment loss is recognised when the assets recoverable amount has declined below its carrying amount. The recoverable amount is the greater of its fair value less costs of disposal and value in use. In determining the recoverable amount, significant judgements are required and the Group uses all readily available information, including estimates based on reasonable and supportable assumptions, projections of sale volume and operating costs or other market data, to arrive at an amount that is a reasonable approximation of recoverable amount. Any adverse changes in the assumptions used in determining the recoverable amount would cause the carrying amount of the asset to be significantly different from the recoverable amount. Details of the impairment assessment of intangible assets are set out in note 20.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Intangible assets and amortisation

The Group determines the estimated useful lives and related amortisation for the Group's intangible assets. The useful lives are assessed to be finite, based on the expected usage and technical obsolescence from the changes in the market demands or service output from the assets. Intangible assets with finite useful lives are amortised over the expected useful economic lives. The amortisation period and the amortization method for the intangible assets with finite useful lives are reviewed by the management at least at the end of each reporting period.

(d) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 30 June 2018 was approximately HK$68,023,000 (2017: HK$70,573,000).

(e) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was HK$2,644,000 (2017: HK$2,644,000), and no impairment has been made. Details of the recoverable amount calculation are disclosed in note 21.

(f) Income tax

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities, Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables, loans receivable and bank and cash balances. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt and loan granted regularly to ensure that adequate impairment losses are recognised for irrecoverable debts/loans. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor rather than the industry or country in which debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors.

Collateral is obtained in respect of loans receivable amounted to HK$218,000,000 (2017: HK$60,000,000) as at 30 June 2018. Such collaterals comprise residential properties and unlisted equity securities pledged against the balances.

For the money lending business, the Group carries out the credit approval processes for the loans newly granted to customers. All new customers of the Group are subject to account opening procedures which include financial background checks for credit verification purpose and credit limit assessment. The board of directors of the Company are responsible to ensure the credit approval processes are properly followed by the operation staff.

At 30 June 2018, 99.9% (2017: 59.9%) of the total trade receivables was due from the Group's largest customer, within the gaming and entertainment segment.

At 30 June 2018, 68.3% (2017: 100%) of the total loans receivable was due from the Group's three largest customers, within the money lending segment.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

It has policies in place to ensure that services are performed to customers with an appropriate credit history. Amounts due from inter-group companies are closely monitored by the directors.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand or less than 1 year HK$'000	Between 1-2 years HK$'000	Between 2-5 years HK$'000	Over 5 years HK$'000	Total HK$'000
At 30 June 2018					
Other payables	**2,209**	**–**	**–**	**–**	**2,209**
At 30 June 2017					
Bank borrowing	14,009	–	–	–	14,009
Other payables	8,328	–	–	–	8,328
	22,337	–	–	–	22,337

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or the interest income of a portfolio will fluctuate due to changes in market interest rates. The Group's major interest-bearing assets at the end of the reporting period are bank deposits and interest-bearing loans receivable. Interests on bank deposits are principally based on deposits rates offered by banks in Hong Kong and Macau. Interest-bearing loans receivable are charged at fixed rates.

The Group manages its interest rate exposure by matching the interest rate profile of its assets and liabilities. The board of directors of the Company is responsible for ensuring the policy is appropriate and sufficient to monitor the interest rate exposure of the Group, by regularly monitoring the benchmark interest rates of products offered against prevailing market conditions. All of the Group's loans receivable carried fixed interest rates. The Group prices these loans receivable strategically to reflect market fluctuations and achieve a reasonable interest rate spread.

Accordingly, no sensitivity analysis is presented for interest rate risk.

(e) Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets:		
Available-for-sale investments	**–**	–
Loans and receivables (including cash and cash equivalents)	**1,028,666**	1,180,198
	1,028,666	1,180,198
Financial liabilities:		
Financial liabilities at amortised cost	**2,209**	22,337

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

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For the year ended 30 June 2018

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers Out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 June 2018 and 2017:

At 30 June 2018 and 2017, the fair value measurements of the Group's investment in available-for-sale financial assets at fair value are recurring and are determined using level 3 inputs.

(b) Reconciliation of assets measured at fair value based on level 3:

	Available-for-sale financial assets		
Description	**Equity investments**	**Investment properties**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 July 2016	–	60,000	60,000
Total gains or losses recognised in profit or loss	–	10,400	10,400
Transfer to property, plant and equipment	–	(70,400)	(70,400)
At 30 June 2017, 1 July 2017 and 30 June 2018	**–**	**–**	**–**

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2018:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

The information about the significant unobservable input used in level 3 measurements is set out below:

Description	Valuation technique	Unobservable input	Range	Effect on fair value for increase of inputs	Fair value	
					2018	2017
					HK$'000	HK$'000
Available-for-sale investments	Income approach	Discount rate	16.85%	Decrease	**–**	–

During the two years, there were no changes in the valuation techniques used.

8. SEGMENT INFORMATION

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 has three operating segments 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.

8. SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include other income, other gains and losses, share of profit/(loss) of an associate, unallocated administrative expenses, gain on bargain purchase of acquisition of an associate, loss on disposal of an associate and finance costs. Segment assets do not include investment in an associate and unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities.

(a) Segment revenue and results

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

	Gaming and Entertainment Business HK$'000	Money Lending Business HK$'000	Hotel Operations HK$'000	Total HK$'000
Year ended 30 June 2018				
Revenue	91,303	15,694	23,487	130,484
Depreciation	–	–	(222)	(222)
Amortisation of intangible assets	(76,405)	–	(1,700)	(78,105)
Reversal of impairment losses/(impairment losses) on trade receivables	42,000	–	(108)	41,892
Reversal of impairment losses on intangible assets	49,800	–	–	49,800
Segment results	106,662	11,562	4,816	123,040
Unallocated other income				4,444
Unallocated other gains and losses				(62)
Share of profit of an associate				7,532
Unallocated expenses				(10,362)
Finance costs				(208)
Profit after tax				124,384

8. SEGMENT INFORMATION (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
Year ended 30 June 2017				
Revenue	295,459	1,102	236	296,797
Depreciation	–	–	(14)	(14)
Amortisation of intangible assets	(108,636)	–	–	(108,636)
Reversal of impairment losses on trade receivables	306,279	–	–	306,279
Impairment losses on intangible assets	(397,311)	–	–	(397,311)
Segment results	98,539	904	(9)	99,434
Unallocated other income				2,041
Unallocated other gains and losses				10,400
Share of loss of an associate				(13)
Unallocated expenses				(12,948)
Gain on bargain purchase on acquisition of an associate				4,327
Loss on disposal of an associate				(62,855)
Finance costs				(437)
Profit after tax				39,949

8. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

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

	Gaming and Entertainment Business HK$'000	Money Lending Business HK$'000	Hotel Operations 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)**

8. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

	Gaming and Entertainment Business HK$'000	Money Lending Business HK$'000	Hotel Operations HK$'000	Total HK$'000
As at 30 June 2017				
Assets				
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
Liabilities				
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 and cash balances.

Unallocated corporate liabilities mainly represent bank borrowing.

8. SEGMENT INFORMATION (Continued)

(c) Geographical segments

The Group's business operates in two principal geographical areas - (i) Hong Kong and (ii) Macau (place of domicile). In presenting information on the basis of geographical locations, revenue is based on the location of customers.

The Group's non-current assets include property, plant and equipment, investment property, intangible assets, goodwill, interest in an associate and loans receivable. The geographical locations of property, plant and equipment and investment property are based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which they are allocated. In the case of interest in an associate, it is the location of operation of the associate and the money lending business of the Group.

	Revenue from external customers Year ended 30 June		**Non-current assets As at 30 June**	
	2018 HK$000	2017 HK$000	**2018 HK$000**	2017 HK$000
Hong Kong	**39,181**	1,338	**290,138**	162,833
Macau	**91,303**	295,459	**38,733**	65,338
	130,484	296,797	**328,871**	228,171

(d) Information about major customers

Revenue from customers contributing 5% or more of the total revenue of the Group are as follows:

	Segment	Note	**2018 HK$'000**	2017 HK$'000
Customer A	Gaming and Entertainment Business	(i)	**80,965**	94,439
Customer B	Gaming and Entertainment Business	(ii)	**10,338**	114,570
Customer C	Gaming and Entertainment Business	(iii)	**N/A**	86,450

Note:

(i) Customer A is an entity owned by a shareholder of a non-controlling interest of a subsidiary.

(ii) Customer B is an entity owned by a shareholder of a non-controlling interest of another subsidiary.

(iii) Customer C is an entity owned by a shareholder of a non-controlling interest of another subsidiary.

9. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Bank interest income	**4,622**	665
Interest income on short term loans receivable:		
– non-controlling interests of subsidiaries of the Company	**–**	2,829
Rental income	**–**	1,400
Others	**37**	4
	4,659	4,898

10. OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Loss on disposals of property, plant and equipment	**(62)**	–
Fair value gain on investment properties	**–**	10,400
Impairment losses on other receivables	**(89)**	–
	(151)	10,400

11. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest expenses on bank borrowing	**208**	437

12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2018	2017
	HK$'000	HK$'000
Auditor's remuneration	**1,050**	800
Amortisation of intangible assets	**78,105**	108,636
Depreciation	**3,234**	725
Fair value gain on investment properties	**–**	(10,400)
Impairment losses on other receivables	**89**	–
Impairment losses on trade receivables	**108**	–
Loss on disposals of property, plant and equipment	**62**	–
Operating lease charges	**4,726**	695
(Reversal of impairment losses)/impairment losses on intangible assets	**(49,800)**	397,311
Reversal of impairment losses on trade receivables	**(42,000)**	(306,279)

13. EMPLOYEE BENEFITS EXPENSE

	2018	2017
	HK$'000	HK$'000
Employee benefits expense (excluding directors' emoluments):		
Salaries, bonuses and allowances	**7,391**	1,307
Retirement benefit scheme contributions	**292**	57
	7,683	1,364

Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2017: four) directors whose emoluments are reflected in the analysis presented in note 14. The emoluments of the remaining two (2017: one) individuals are set out below:

	2018	2017
	HK$'000	HK$'000
Basic salaries and allowances	**1,269**	293
Discretionary bonuses	**91**	6
Retirement benefit scheme contributions	**36**	12
	1,396	311

13. EMPLOYEE BENEFITS EXPENSE (Continued)

The emoluments fell within the following band:

	Number of individuals	
	2018	2017
Nil to HK$1,000,000	**2**	1

14. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	Year ended 30 June 2018						
	Fees HK$'000	Salaries HK$'000	Bonus HK$'000	Share-based payments HK$'000	Housing allowance HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive directors:							
Mr. Danny Xuda Huang	–	624	–	–	–	18	642
Mr. Nicholas J. Niglio (note (i))	–	440	37	–	–	–	477
Mr. Lin Chuen Chow, Andy	–	360	41	–	162	18	581
Independent non-executive directors:							
Mr. Yue Fu Wing	60	–	–	–	–	–	60
Mr. Cheung Yat Hung, Alton	60	–	–	–	–	–	60
Ms. Yeung Hoi Ching	60	–	–	–	–	–	60
	180	1,424	78	–	162	36	1,880

14. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

	Year ended 30 June 2017						
	Fees HK$'000	Salaries HK$'000	Bonus HK$'000	Share-based payments HK$'000	Housing allowance HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive directors:							
Mr. Danny Xuda Huang	–	624	–	–	–	18	642
Mr. Nicholas J. Niglio (note (i))	–	430	35	–	–	–	465
Mr. Lin Chuen Chow, Andy	–	424	31	–	–	18	473
Mr. Chan Shiu Kwong, Stephen (note (ii))	–	358	43	–	–	11	412
Independent non-executive directors:							
Mr. Yue Fu Wing	60	–	–	–	–	–	60
Mr. Cheung Yat Hung, Alton	60	–	–	–	–	–	60
Mr. Chow Chung Lam, Louis (note (iii))	15	–	–	–	–	–	15
Ms. Yeung Hoi Ching (note (iv))	15	–	–	–	–	–	15
	150	1,836	109	–	–	47	2,142

(i) Mr. Nicholas J. Niglio was the Chief Executive of the Company who was re-designated as a non-executive director of the Company on 2 August 2018. In addition, Mr. Nicholas J. Niglio reached the age of 65 in November 2011 and no mandatory provident fund was required to contribute by the Group thereafter.

(ii) Resigned on 31 January 2017.

(iii) Resigned on 1 April 2017.

(iv) Appointed on 1 April 2017.

Neither the Chief Executive nor any of the directors waived any emoluments during the year (2017: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15. INCOME TAX EXPENSE

	2018 **HK$'000**	2017 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**3,401**	–
Deferred tax (note 24)	**145**	–
	3,546	–

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 30 June 2018.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The Groups entities operating in Macau receiving profit streams from gaming and entertainment related business are not subject to Macau Complimentary tax because the gaming revenue is received net of taxes collected by the Macau SAR paid directly by the casino operators on a monthly basis. No provision for Macau Complimentary tax has been made.

15. INCOME TAX EXPENSE (Continued)

Taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 HK$'000	2017 HK$'000
Profit before taxation	**127,930**	39,949
Tax calculated at applicable tax rate of 16.5% (2017: 16.5%)	**21,108**	6,592
Tax effect of expenses that are not deductible	**14,434**	79,085
Tax effect of income that is not taxable	**(26,265)**	(58,524)
Tax effect of temporary differences not recognised	**412**	144
Tax effect of utilisation of tax losses not previously recognised	**(137)**	(94)
Effect of different tax rates of subsidiaries	**(6,006)**	(27,203)
Income tax expense	**3,546**	–

16. DIVIDENDS

The directors do not recommend the payment of any dividend for each of the years ended 30 June 2018 and 2017.

17. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings (2017: loss) per share is based on the profit (2017: loss) for the year attributable to owners of the Company of HK$39,009,000 (2017: HK$10,153,000) and the weighted average number of ordinary shares of 692,437,000 (2017: 692,437,000) in issue during the year.

Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the year ended 30 June 2018 and 2017.

18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvement and decoration HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
Cost					
At 1 July 2016	–	115	1,159	435	1,709
Transfer from investment property	70,400	–	–	–	70,400
Acquisition of a subsidiary	–	369	126	–	495
At 30 June 2017 and 1 July 2017	70,400	484	1,285	435	72,604
Additions	–	225	431	90	746
Disposal	–	(115)	–	–	(115)
At 30 June 2018	**70,400**	**594**	**1,716**	**525**	**73,235**
Accumulated depreciation and impairment					
At 1 July 2016	–	47	880	379	1,306
Charge for the year	470	17	196	42	725
At 30 June 2017 and 1 July 2017	470	64	1,076	421	2,031
Charge for the year	2,816	185	201	32	3,234
Disposal	–	(53)	–	–	(53)
At 30 June 2018	**3,286**	**196**	**1,277**	**453**	**5,212**
Carrying amount					
At 30 June 2018	**67,114**	**398**	**439**	**72**	**68,023**
At 30 June 2017	69,930	420	209	14	70,573

No property, plant and equipment was pledged as security as at 30 June 2018.

At 30 June 2017, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowing amount to approximately HK$69,930,000.

19. INVESTMENT PROPERTY

	HK$'000
Fair value:	
At 1 July 2016	60,000
Increase in fair value	10,400
Transfer to property, plant and equipment	(70,400)
At 30 June 2017, 1 July 2017 and 30 June 2018	**–**

As at 30 April 2017, the Company has changed the usage of the investment property to owner-occupied, it was reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

20. INTANGIBLE ASSETS

	Gaming and Entertainment Business					Hotel Operations	
	Hou Wan Profit Agreement HK$'000	Neptune Ouro Profit Agreement HK$'000	Hao Cai Profit Agreement HK$'000	Hoi Long Profit Agreement HK$'000	Sub-total HK$'000	Lease benefit HK$'000	Total HK$'000
Cost							
At 1 July 2016	567,793	405,000	1,215,000	562,000	2,749,793	–	2,749,793
Acquisition of a subsidiary	–	–	–	–	–	8,500	8,500
At 30 June 2017, 1 July 2017 and 30 June 2018	**567,793**	**405,000**	**1,215,000**	**562,000**	**2,749,793**	**8,500**	**2,758,293**
Accumulated amortisation and impairment							
At 1 July 2016	384,345	377,508	988,876	427,779	2,178,508	–	2,178,508
Amortisation for the year	30,575	4,582	37,687	35,792	108,636	–	108,636
Impairment loss	142,535	22,910	188,437	43,429	397,311	–	397,311
At 30 June 2017 and 1 July 2017	557,455	405,000	1,215,000	507,000	2,684,455	–	2,684,455
Amortisation for the year	10,338	–	–	66,067	76,405	1,700	78,105
Reversal of impairment loss	–	–	–	(49,800)	(49,800)	–	(49,800)
At 30 June 2018	**567,793**	**405,000**	**1,215,000**	**523,267**	**2,711,060**	**1,700**	**2,712,760**
Carrying amount							
At 30 June 2018	**–**	**–**	**–**	**38,733**	**38,733**	**6,800**	**45,533**
At 30 June 2017	10,338	–	–	55,000	65,338	8,500	73,838

20. 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, impairment loss of intangible assets of approximately HK$211,347,000 was charged for the year ended 30 June 2017.

The junket representative agreement of Hou Wan Profit Agreement was terminated with effect on 30 August 2017 and the carrying amount of such profit agreement as at 30 June 2017 represented 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 terminations 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 and an impairment loss of HK$43,429,000 was charged for the year ended 30 June 2017. Amortisation charges of approximately HK$55,000,000 in respect of the above was charged for the year ended 30 June 2018.

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 of approximately HK$11,067,000 in respect of the above was charged for the year ended 30 June 2018.

20. INTANGIBLE ASSETS (Continued)

Hotel Operations

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%.

As at 30 June 2018, there is no impairment indication on the intangible assets and no impairment loss was provided for the year ended 30 June 2018.

21. GOODWILL

	HK$'000
Cost and carrying amount	
At 1 July 2016	–
Arising from acquisition of a subsidiary	2,644
At 30 June 2017, 1 July 2017 and 30 June 2018	**2,644**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to Hotel Operations segment.

The recoverable amounts of the CGUs have been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

21. GOODWILL (Continued)

As at 30 June 2018 and 2017, the value in use calculations were based on the financial budgets approved by the management covering for the period ending 30 April 2022. Key assumptions used by the management in the value in use calculations of these cash-generating units include budgeted gross profit margin. The pre-tax discount rate used to reflect the specific risks relating to the cash-generating units and applied to the cash flow projections was 9.01% (2017: 9.01%).

The assumptions have been determined based on past performance and management's expectations in respect of hotel market In the Hong Kong. The management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

22. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2018 are as follows:

Company name	Place of Incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			Direct	Indirect	
Base Move	British Virgin Islands ("BVI")/Macau	US$100	–	30% (note i)	Receive profit streams from gaming and entertainment related business
Essence Gold	BVI/Macau	US$100	–	20% (note ii)	Receive profit streams from gaming and entertainment related business
Essence Gold Investment (Macau) Limited	Macau	MOP$25,000	–	20% (note ii)	Receive trade debt from Group's customer and remit cash to Group's entities
Top Vast Finance Limited	Hong Kong	HK$1	–	100%	Money lending
Harbour Bay Hotels Limited	Hong Kong	HK$10,000	–	100%	Operation of a hotel

22. PRINCIPAL SUBSIDIARIES (Continued)

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	2018 Essence Gold and its subsidiary HK$'000
Principal place of business/country of incorporation	**Macau/BVI**
% of ownership interests/voting rights held by NCI	**80%/33%**
At 30 June:	
Non-current assets	**38,733**
Current assets	**129,950**
Current liabilities	**(56)**
Net assets	**168,627**
Accumulated NCI	**134,902**
Year ended 30 June:	
Revenue	**80,965**
Other income and expenses	**25,774**
Profit and total comprehensive income for the year	**106,739**
Profit allocated to NCI	**85,391**
Dividends paid to NCI	**97,116**
Net cash generated from operating activities	**126,120**
Net cash generated from investing activities	**30**
Net cash used in financing activities	**(121,395)**
Net increase in cash and cash equivalents	**4,755**

22. PRINCIPAL SUBSIDIARIES (Continued)

	2017			
	Base Move and its subsidiary HK$'000	Essence Gold and its subsidiary HK$'000	Profit Forest and its subsidiary HK$'000	Sky Advantage Limited HK$'000
Principal place of business/country of incorporation	Macau/BVI	Macau/BVI	Macau/BVI	Macau/BVI
% of ownership interests/voting rights held by NCI	70%/33%	80%/33%	15%/15%	15%/15%
At 30 June:				
Non-current assets	10,338	55,000	–	–
Current assets	264,571	187,676	450,449	49,983
Current liabilities	(85,066)	(59,367)	(153,025)	(9)
Net assets	189,843	183,309	297,424	49,974
Accumulated NCI	132,890	146,647	44,614	7,496
Year ended 30 June:				
Revenue	114,570	94,439	86,450	–
Other income and expenses	(108,277)	(45,424)	(15,699)	(27,520)
Profit/(loss) and total comprehensive income for the year	6,293	49,015	70,751	(27,520)
Profit/(loss) allocated to NCI	4,405	39,212	10,613	(4,128)
Dividends paid to NCI	39,299	68,689	–	–
Net cash generated from/(used in) operating activities	226,995	247,784	253,559	(28)
Net cash generated from investing activities	403,700	45,637	25,724	272,808
Net cash used in financing activities	(545,655)	(235,292)	(178,359)	(272,780)
Net increase in cash and cash equivalents	85,040	58,129	100,924	–

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

22. PRINCIPAL SUBSIDIARIES (Continued)

Notes:

(i) Base Move was consolidated as a subsidiary in accordance with HKFRS 10 “Consolidated Financial Statements”. As the Group held 30% equity interests in Base Move as at 30 June 2018 and 2017, 70% of the post-acquisition results and net assets of Base Move were allocated to non-controlling interests.

(ii) Essence Gold was consolidated as a subsidiary in accordance with HKFRS 10 “Consolidated Financial Statements”. As the Group held 20% equity interests In Essence Gold as at 30 June 2018 and 2017, 80% of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interests.

23. INVESTMENT IN AN ASSOCIATE

	2018 **HK$’000**	2017 HK$’000
Unlisted investment:		
Share of net assets	**88,671**	81,116
Amount due from an associate	**111,947**	110,485
	200,618	191,601

Details of the Group’s associate are as follows:

Name of associate	**Form of business structure**	**Place of registration/ operations**	**Nominal value of registered capital**	**Attributable equity interest to the Group**		**Principal activities**
				2018	2017	
Ever Praise Enterprises Limited	Limited liability company	BVI/Hong Kong	US$50,000	**30%**	30%	Property holding and leasing

The associate is indirectly held by the Company through its wholly-owned subsidiaries.

The amounts due from an associate were unsecured, non-interest bearing and had no fixed repayment terms.

23. INVESTMENT IN AN ASSOCIATE (Continued)

The following table shows information on the associate that are material to the Group. The associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the associate's management financial statements prepared in accordance with HKFRSs.

	Ever Praise Enterprises Limited	
	2018	2017
	HK$'000	HK$'000
Principal place of business/country of incorporation	**Hong Kong/BVI**	Hong Kong/BVI
Principal activities	**Property holding and leasing**	Property holding and leasing
% of ownership interests/voting rights held by the Group	**30%/30%**	30%/30%
At 30 June:		
Non-current assets	**650,536**	630,720
Current assets	**19,435**	14,070
Current liabilities	**(374,400)**	(374,405)
Net assets	**295,571**	270,385
Group's share of carrying amount of interests	**88,671**	81,116
Year ended 30 June:		
Revenue	**6,307**	91
Profit/(loss) and total comprehensive income for the year	**25,185**	(42)

The Group's share of associate's profit for the year includes share of associate's taxation of approximately HK$184,000 (2017: Nil).

24. DEFERRED TAX

The followings are the deferred tax liabilities and assets recognised by the Group.

	Intangible assets HK$'000	Tax losses HK$'000	Total HK$'000
At 1 July 2016	–	–	–
Acquisition of a subsidiary	(1,403)	426	(977)
At 30 June 2017 and 1 July 2017	(1,403)	426	(977)
Credit/(charge) to profit or loss for the year (note 15)	281	(426)	(145)
At 30 June 2018	**(1,122)**	**–**	**(1,122)**

The following is the analysis of the deferred tax balances for statement of financial position purposes:

	2018 HK$'000	2017 HK$'000
Deferred tax assets	**–**	426
Deferred tax liabilities	**(1,122)**	(1,403)
	(1,122)	(977)

At the end of the reporting period the Group has unused tax losses of HK$10,541,000 (2017: HK$13,954,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the loss of HK$10,541,000 (2017: HK$11,371,000) due to the unpredictability of future profits streams. Tax losses may be carried forward indefinitely.

At 30 June 2017, deferred tax asset had been recognised in respect of HK$2,583,000 of the unused tax losses.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

25. AVAILABLE-FOR-SALE INVESTMENTS

	2018 **HK$'000**	2017 HK$'000
Unlisted equity securities, at fair value	**–**	–

26. TRADE AND OTHER RECEIVABLES

	2018 **HK$'000**	2017 HK$'000
Trade debtors from gaming and entertainment business		
– Entities owned by shareholders of non-controlling interests of subsidiaries		
– Customer A	**75,438**	120,552
– Customer B	**–**	94,528
– Customer C	**–**	244,344
– Other customers	**49,356**	49,356
	124,794	508,780
Impairment losses on trade receivables	**(59,007)**	(101,007)
	65,787	407,773
Trade debtors from hotel operations business	**201**	205
Loan interest receivables	**1,233**	420
Deposits, prepayments and other receivables	**2,426**	2,163
	69,647	410,561

26. TRADE AND OTHER RECEIVABLES (Continued)

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 customer 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.

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

	2018 HK$'000	2017 HK$'000
0 - 90 days	15,511	51,472
91 - 180 days	–	–
181 - 365 days	–	–
Over 365 days	50,477	356,506
	65,988	407,978

As at 30 June 2018, an allowance was made for estimated irrecoverable trade receivables of approximately HK$59,007,000 (2017: HK$101,007,000).

Reconciliation of allowance for trade receivables:

	2018 HK$'000	2017 HK$'000
At 1 July	101,007	407,286
Charged for the year	108	–
Reversed during the year	(42,000)	(306,279)
Written off during the year	(108)	–
At 30 June	59,007	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, 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.

26. TRADE AND OTHER RECEIVABLES (Continued)

In November 2016, the 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 receivables. As at 30 June 2017, the fair value of these properties that used to secure the unsettled trade debtors was amounted to HK$39,977,000. Together with the amount already settled subsequent to 30 June 2017, the directors considered that part of the outstanding trade debtors amounting HK$407,978,000 would be recoverable in full. A reversal of impairment loss of HK$306,279,000 was therefore made for the year ended 30 June 2017.

Subsequent to 30 June 2018 and up to the date of approval of these financial statements, the trade debtors made a total payments of HK$25,810,000 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 fair value of the properties as at 30 June 2018 that used to secure the unsettled trade debtors, the directors considered that the outstanding trade debtors of HK$65,787,000 would be recoverable in full. A reversal of impairment loss of HK$42,000,000 was therefore made for the year ended 30 June 2018.

The trade receivables were denominated in Hong Kong dollars.

As of 30 June 2018, no trade receivables (2017: HK$44,032,000) were past due but not impaired.

The aging analysis of these trade receivables is as follows:

	2018 **HK$'000**	2017 HK$'000
Up to 3 months	**–**	15,992
3 to 6 months	**–**	–
6 to 12 months	**–**	–
Over 12 months	**–**	28,040
	–	44,032

Based on the experience of the management and repayment records of the customers, trade debtors which are past due but not impaired and not associated with litigations are generally recoverable.

27. LOANS RECEIVABLE

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

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired		
– Secured	**218,000**	60,000
– Unsecured	**34,143**	5,000
	252,143	65,000
Analysed as:		
– Non-current assets	**124,000**	–
– Current assets	**128,143**	65,000
	252,143	65,000

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

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

At 30 June 2018, the average effective interest rate of the loans receivable was 9% (2017: 11%) per annum.

The loans receivable above were denominated in Hong Kong dollars.

28. BANK BORROWING

	2018 **HK$'000**	2017 HK$'000
Bank borrowing	–	14,009

The bank borrowing, that contains a repayable on demand clause, was due for repayment as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	–	2,509
More than 1 year, but not exceeding 2 years	–	2,582
More than 2 years, but not more than 5 years	–	8,201
More than 5 years	–	717
	–	14,009

As at 30 June 2017, the Group's borrowing borne interest at bank's best lending rate less 2.4%. The borrowing is secured by the Group's property, plant and equipment with carrying amount of approximately HK$69,930,000. The bank borrowing have been fully repaid during the year ended 30 June 2018.

29. SHARE CAPITAL

	Number of shares '000	**Amount HK$'000**
Ordinary shares, issued and fully paid:		
At 1 July 2016, 30 June 2017, 1 July 2017 and 30 June 2018	**692,437**	**1,171,921**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the bank borrowing.

30. SHARE OPTION SCHEME

Old Share Option Scheme

Under the terms of the Share Option Scheme adopted by the Company on 30 November 2000 (the 'Scheme"), the Board may, at its discretion, invite employees, including the directors of the Company and its subsidiaries, to take up options to subscribe for shares in the share capital of the Company. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. The subscription price for the Company's shares under the Scheme is determined by the Board and will not be less than 80% of the average of the closing prices of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of offer of the option or the nominal value of the Company's shares (if any), whichever is the higher. The maximum number of shares in respect of which options may be granted may not exceed 10% of the issued share capital of the Company (excluding shares issued under the Scheme) from time to time and that the maximum number of shares in respect of which options may be granted to any one employee shall not exceed 25% of the aggregate number of shares under the Scheme.

The Scheme was adopted prior to the new rules on share option schemes under the Listing Rules coming into operation. The Company may only grant further options under the Scheme if the options are granted in accordance with the requirements of the new rules of Chapter 17 of the Listing Rules which include, inter alia, the followings:

(i) the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not in aggregate exceed 10% of the relevant class of shares of the Company (or its subsidiaries) in issue at the date of approval of the Scheme. Subject to compliance with the Listing Rules, the limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the relevant class of shares of the Company in issue from time to time;

(ii) the maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Grant of options to connected persons are subject to more stringent requirements; and

(iii) the exercise price of the share options is determined by directors, but may not be less than the higher of (a) the closing price of the Company's share listed on the Stock Exchange on the date of grant of the share options; and (b) the average closing price of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of the grant of the share options.

The share options under the Scheme must be taken up by the participants within 21 business days from the date of grant upon payment of HK$1. Each share option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

30. SHARE OPTION SCHEME (Continued)

New Share Option Scheme

On 18 September 2007, an ordinary resolution passed to approve the termination of the Scheme and adoption of a new share option scheme (the "New Scheme"). Upon adoption of the New Scheme, the Scheme was terminated and no further option would be granted.

The Company operates the New Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the New Scheme include employees of the Group, executive or non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or invested entity, suppliers of goods or services to the Group or invested entity, person or entity that provides research, development or other technical support to the Group or invested entity, shareholders of members of the Group or invested entity, holders of securities issued by members of the Group or invested entity, advisers or consultants to business development of the Group or invested entity, and joint venture partners or counter-parties to business operation or business arrangements of the Group or its employees. The New Scheme became effective on 18 September 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The subscription price for the Company's shares under the New Scheme is determined by the Board and shall be at least the highest of (i) the closing price of the Company's shares listed on the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of the offer of the share options, and (iii) the nominal value of the Company's shares (if any).

The total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and the Scheme shall not exceed 30% of the shares in issue from time to time. The total number of shares available for issue upon exercise of all options which have been or may be granted under the New Scheme and the Scheme must not exceed 69,120,000 shares. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period up to the date of grant must not exceed 1% of the aggregate number of shares for the time being in issue. Any further grant of share options in excess of this limit is subject to shareholder's approval in a general meeting.

Share options granted to a connected person or its associates shall be approved by independent non-executive directors. In addition, any share options granted to a connected person who is also a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and the aggregate value (based on the closing price of the Company's shares listed on the Stock Exchange at the date of the offer of share options) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

30. SHARE OPTION SCHEME (Continued)

New Share Option Scheme (Continued)

The offer of the share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the offeree. The exercise period of the share options ends on ten years from the date of the offer of the share options, notwithstanding the expiry of the New Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Each share option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

Details of share options granted

During the year ended 30 June 2017, 4,646,000 options granted under the New Scheme were lapsed because of the resignation of the eligible participant.

During the year ended 30 June 2018, 234,000 options granted under the New Scheme were lapsed upon the expiry of shares granted in 2007.

At 30 June 2018, the options have exercise prices of HK$0.61 under the New Scheme. The weighted average remaining contractual life of the options was 7.76 years.

At 30 June 2017, the options have exercise prices of HK$0.61 and HK$3.307 under the New Scheme and the Scheme respectively. The weighted average remaining contractual life of the options was 8.42 years.

30. SHARE OPTION SCHEME (Continued)

Details of specific categories of share options and the movements during the years ended 30 June 2018 and 2017 are as follows:

Participants	Share option type	Number of share options outstanding and exercisable			Date of grant of share options	Exercise period of share options	Adjusted exercise price of share options
		At 1 July 2017 (note i)	Lapsed during the year	At 30 June 2018	(note ii)		(note iii)
		HK$'000	HK$'000	HK$'000			HK$'000
Directors							
Mr. Danny Xuda Huang	2016A	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Nicholas J. Niglio	2008A	234	(234)	–	29/10/2007	29/10/2007 to 28/10/2017	3.307
	2016A	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Lin Chuen Chow, Andy	2016A	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
		12,768	(234)	12,534			
Weighted average exercise price (HK$)		0.66	3.31	0.61			
Outstanding and exercisable				12,534			

30. SHARE OPTION SCHEME (Continued)

Participants	Share option type	Number of share options outstanding and exercisable			Date of grant of share options	Exercise period of share options	Adjusted exercise price of share options
		At 1 July 2016 (note i) HK$'000	Lapsed during the year HK$'000	At 30 June 2017 HK$'000	(note ii)		(note iii) HK$'000
Directors							
Mr. Danny Xuda Huang	2016A	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Chan Shiu Kwong, Stephen	2008A	234	(234)	–	29/10/2007	29/10/2007 to 28/10/2017	N/A
	2016A	4,178	(4,178)	–	1/4/2016	1/4/2016 to 31/3/2026	N/A
Mr. Nicholas J. Niglio	2008A	234	–	234	29/10/2007	29/10/2007 to 28/10/2017	3.307
	2016A	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Lin Chuen Chow, Andy	2016A	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Consultants and employees							
In aggregate	2008A	234	(234)	–	29/10/2007	29/10/2007 to 28/10/2017	3.307
		17,414	(4,646)	12,768			
Weighted average exercise price (HK$)		0.72	(0.88)	0.66			
Outstanding and exercisable				12,768			

30. SHARE OPTION SCHEME (Continued)

Note:

(i) The total number of shares which may be issued upon exercise of all options to be granted under the Scheme, the New Scheme and any other schemes must not in aggregate exceed 10% of the relevant class of shares of the Company (or its subsidiaries) in issue at the date of approval of the relevant share option scheme. Subject to compliance with the Listing Rules, the limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme, the New Scheme and any other schemes must not exceed 30% of the relevant class of shares of the Company in Issue from time to time.

Share option types of 2008A and 2016A represent share options granted during the years ended 30 June 2008 and 2016, respectively.

(ii) The vesting period of the share options is from the grant date until the commencement of the exercise period.

(iii) The number of shares entitled to be subscribed for, the exercise prices under the outstanding share options, the fair value per share options and the closing price of the Company's shares immediately before the grant date have been adjusted upon completions of share consolidation in May 2016 and the open offer in June 2016. Details of which may refer to the announcement of the Company dated 20 May 2016 and 24 June 2016.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 July 2017 HK$'000	**Cash flows** HK$'000	**Interest expenses** HK$'000	**30 June 2018** **HK$'000**
Borrowing (note 28)	14,009	(14,217)	208	–

32. CONTINGENT LIABILITIES

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 HK$1,592,000 has been made in the financial statements as at 30 June 2004. During the years ended 30 June 2018 and 2017, there has been no significant progress.

33. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2018 **HK$'000**	2017 HK$'000
Capital expenditure in respect of leasehold improvement and decoration work contracted for but not provided in the consolidated financial statements	**529**	223

34. LEASE COMMITMENTS

At 30 June 2018 the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**4,802**	4,784
In the second to fifth years inclusive	**18,513**	23,665
	23,315	28,449

Operating lease payments represent rental payable by the Group of its offices and the hotel premises. Leases are negotiated for an average term of 7 years (2017: 7 years) and rentals are fixed over the lease terms and do not include contingent rentals.

35. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

(a) Details of the remuneration of key management personnel, who are the directors, during the year are set out in note 14. Key management personnel are deemed to be the members of the Board of Directors of the Company which has responsibility for planning, directing and controlling the activities of the Group.

(b) Rental expenses of HK$4,505,000 (2017: HK$63,000) paid to an associate of the Group.

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	As at 30 June 2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**67,496**	70,094
Investments in subsidiaries		**140,095**	223,213
TOTAL NON-CURRENT ASSETS		**207,591**	293,307
CURRENT ASSETS			
Other receivables		**463**	618
Amounts due from subsidiaries		**332,274**	399,551
Bank and cash balances		**469,127**	325,371
TOTAL CURRENT ASSETS		**801,864**	725,540
CURRENT LIABILITIES			
Other payables		**1,240**	7,357
Amounts due to subsidiaries		**386,953**	231,096
Bank borrowing		**–**	14,009
TOTAL CURRENT LIABILITIES		**388,193**	252,462
NET CURRENT ASSETS		**413,671**	473,078
NET ASSETS		**621,262**	766,385
EQUITY			
Issued capital		**1,171,921**	1,171,921
Reserves	36(b)	**(550,659)**	(405,536)
TOTAL EQUITY		**621,262**	766,385

Approved by the Board of Directors on 21 September 2018 and are signed on its behalf by:

Danny Xuda Huang	**Lin Chuen Chow, Andy**
Director	*Director*

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

The amounts of the Company's reserves and the movements therein for the year ended 30 June 2018 are as follows:

	Property revaluation reserve	Non-distributable reserve	Share options reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2016	5,922	1,264	6,133	(209,333)	(196,014)
Loss and other comprehensive expense	–	–	–	(209,522)	(209,522)
Transfer to retained profits upon lapse of share options	–	–	(1,899)	1,899	–
At 30 June 2017 and 1 July 2017	5,922	1,264	4,234	(416,956)	(405,536)
Loss and other comprehensive expense	–	–	–	(145,123)	(145,123)
Transfer to retained profits upon lapse of share options	–	–	(293)	293	–
At 30 June 2018	**5,922**	**1,264**	**3,941**	**(561,786)**	**(550,659)**

37. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Property revaluation reserve

Property revaluation reserve represents the difference between the carrying amount and the fair value of a property at the date of transfer from property, plant and equipment to investment property.

(ii) Non-distributable reserve

The non-distributable reserve represents the impact on acquisition of assets in previous years.

(iii) Share options reserve

The share options reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments.

(iv) Other reserve

The other reserve represents the difference between the consideration paid and the amount of non-controlling interests being adjusted in connection with the acquisition of an additional equity interest in a subsidiary.