金粵控股有限公司
Rich Goldman Holdings Limited

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

2019
ANNUAL REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Danny Xuda Huang (resigned on 24 July 2019)
Mr. Lin Chuen Chow, Andy
Ms. So Wai Yin

Non-executive Director:

Mr. Nicholas J. Niglio

Independent non-executive Directors:

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

COMPANY SECRETARY

Mr. Cheung Yiu Chung

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)*
(resigned on 24 July 2019)
Mr. Lin Chuen Chow, Andy *(Chairman)*
(appointed on 24 July 2019)
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing

AUDITOR

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

PRINCIPAL BANKERS

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

LEGAL ADVISORS

Tung, Ng, Tse & Lam

SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Room 1807, 18/F
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				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Revenue	473,558	278,651	296,797	130,484	**119,807**
Profit/(loss) attributable to owners of the Company	(828,012)	(202,108)	(10,153)	39,009	**42,579**
Earnings/(loss) per share (HK$)					
– basic	(1.79)	(0.43)	(0.01)	0.06	**0.06**
– diluted	(1.79)	(0.43)	N/A	N/A	**N/A**

ASSETS AND LIABILITIES

	At 30 June				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Property, plant and equipment	643	403	70,573	68,023	**561,336**
Investment properties	59,200	60,000	–	–	**151,000**
Investment in an associate	56,205	73,100	81,116	88,671	**–**
Intangible assets	1,227,571	571,285	73,838	45,533	**23,786**
Goodwill	–	–	2,644	2,644	**2,644**
Available-for-sale investments	39,672	–	–	–	**–**
Financial assets at fair value through profit or loss	–	–	–	–	**52,671**
Loans receivable	–	–	–	124,000	**140,000**
Other non-current assets	–	–	426	–	**225**
Net current assets	435,740	746,864	1,156,419	898,168	**260,159**
Non-current liabilities	–	–	(1,403)	(1,122)	**–**
Total assets less total liabilities	1,819,031	1,451,652	1,383,613	1,225,917	**1,191,821**
Net assets	1,819,031	1,451,652	1,383,613	1,225,917	**1,191,821**
Share capital and other statutory capital reserve	1,077,853	1,171,921	1,171,921	1,171,921	**1,171,921**
Reserves	87,054	(109,802)	(119,955)	(80,947)	**(39,499)**
Equity attributable to owners of the Company	1,164,907	1,062,119	1,051,966	1,090,974	**1,132,422**
Non-controlling interests	654,124	389,533	331,647	134,943	**59,399**
Total equity	1,819,031	1,451,652	1,383,613	1,225,917	**1,191,821**

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 2019.

THE CONTINUING BUSINESS REVIEW

It is the third year since our Group committed to diversify our income stream and therefore mitigate the risk of solely depending on the performance of gaming business in Macau. We were pleased to witness the consistently positive results achieved by this diversifying strategy for two consecutive financial years. It can be demonstrated by the increase in the net profits attributable to owners of the Company, from HK$39.0 million for the year ended 30 June 2018 to HK$42.6 million for the year ended 30 June 2019. Our balanced income stream ensures minimal damage from market volatility and therefore the achievement of stable and durable returns to our shareholders. In the current year, we further bolster our diversified portfolio by acquiring the remaining 70% of equity interest in an associated company which holds the hotel property of our hotel operations business. The acquisition provides us with an opportunity to enable the ownership, management and operation of the hotel property to be vested with the Group as well as add another income instream of property leasing and potential capital appreciation into our investment portfolio. Our existing hotel business can also be reinforced as the Group will have greater flexibility in formulating business plans and strategies for the future business development of the hotel. The enlarged investment portfolio will certainly contribute to the sustainable growth of the Group.

Despite our concerns over the prospect of the gaming industry in Macau expressed in previous years become the growing concern among the public, which arises from a number of geo-political and economic issues, the gaming industry in Macau still can deliver solid financial performance over the past year. According to the monthly statistics published by the Gaming Inspection and Coordination Bureau, the gaming revenue had reached approximately HK$293,333 million for the year ended 30 June 2019, representing a slight increase of 4% over that for the year ended 30 June 2018. Due to the completion of Hong Kong-Zhuhai-Macau Bridge and the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong High Speed Rail during 2018, a steady increase of tourist arrival to Macau had been recorded during the year, with the total visitation amounting to 39.3 million during the current financial year. However, care must be taken in respect of the recent geo-political and economic challenges. Our Group will continue to closely monitor the performance of the gaming business in Macau.

With the increasing popularity of our hotel and the increasing loan principal granted to our customers, our money lending business and hotel operations business further expand during the year. We continue to apply our managerial expertise and experience to formulate our business strategies in these newly established segments during the year and therefore positive results can be maintained in the current year. Our Group will continue to closely monitor the market condition so as to offer competitive hotel services and loan packages to our customers.

LOOKING FORWARD STATEMENT

At the date of this report, Hong Kong's hotel industry is struggling with political protests in Hong Kong. The impact on tourism and the general market environment brings about uncertainties on the financial performance of our hotel. We will continue to closely monitor the situation and make feasible strategies business decision depending on situation.

Looking forward in the long term, we maintain our confidence over the performance of our investment portfolio in the future, in regards to the continuous integration of the Greater Bay Area. Both Hong Kong and Macau play an indispensable role in the Greater Bay Area Development. The cooperation, people flow and capital flow among these key areas will be further enhanced. All of our existing businesses will certainly benefit from the boosting visits and closer connection.

Our group will continue to expand those profitable existing businesses while continue to explore other viable investment opportunities to enhance the competitiveness of our investment portfolio and ensure sustainable growth.

ACKNOWLEDGEMENT

In view of the performance achieved in this year, I would like to express my sincere appreciation to all the staff members of the Group for their contribution and efforts in maintaining the excellent result. I am also thankful of the unfailing support and confidence of our shareholders, business partners and customers. Thank you all.

Lin Chuen Chow, Andy
Chairman of the Board
Hong Kong, 20 September 2019

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; (iii) the hotel operations business and (iv) the property leasing business.

The Board announced that the audited net profit of the Group for the year ended 30 June 2019 amounted to approximately HK$91.6 million (2018: net profit of HK$124.4 million) and the net profit for the year attributable to owners of the Company amounted to approximately HK$42.6 million (2018: net profit of HK$39.0 million).

Gaming and Entertainment Business

The Group's gaming revenue decreased by approximately 18.9% from approximately HK$91.3 million for the year ended 30 June 2018 to approximately HK$74.1 million for the year ended 30 June 2019. The decrease was mainly attributable to the termination of the gaming promotion agreement between Venetian Macau Limited ("VML") and our Junkets Operator in 2017, leaving a total of 8 VIP tables in the casino of Grand Lisboa as the only remaining currently operating junket business of our Group.

The following is the summary relating to revenue contributed by the VIP junkets rooms for each of the two years ended 30 June 2019.

		For the year ended 30 June		
		2019 Revenue	2018 Revenue	**Change**
		(HK$ in millions, except percentage and points)		
I)	Sands Macau			
	Sands Neptune GD VIP Club	**–**	10.3	-100%
II)	Grand Lisboa			
	Neptune GD VIP Club	**74.1**	81.0	-9%

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.

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.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Money Lending Business

As one of the key segments of our diversifying strategy over the income streams, our money lending business had been distributed increasing amount of funds for its expansion. We continue to offer flexile and competitive loan package to enlarge our customer bases during the year. As a result, the total gross loan principal lent to our customers as at 30 June 2019 amounted to approximately HK$313 million, a considerable increase when compared to that of HK$252 million as at 30 June 2018. The resulting interest revenue generated for the year ended 30 June 2019 amounted to approximately HK$20.6 million, a significant increment when compared to the revenue of HK$15.7 million generated for the year ended 30 June 2018. The consistently strong financial performance since established in 2017 represents a great achievement and reflects the effectiveness of our internal control system executed to monitor the overall operations and compliance. A comprehensive risk assessment had been implemented before loan packages are granted to our customers. Its effectiveness can be demonstrated by the fact that no default history had been recorded from our customers. All of the principal and interest income had been collected in accordance with their corresponding repayment schedules during the year.

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

Hotel Operations Business

Hotel operations business is another segment in our Group's investment portfolio with an aim to diversify the income stream of our Group. With the rise in visitor numbers resulting from closer connection with mainland and the new management since the acquisition by our Group in 2017, the reputation of the hotel, namely Harbour Bay Hotel, and its occupancy rate have been continuously increasing. As a result, the EBITDA generated from the hotel operations business amounted to approximately HK$9.7 million for the year ended 30 June 2019, representing an improvement when compared to that for the year ended 30 June 2018 of HK$8.2 million. The increasing and durable return from hotel operations business since the acquisition by our Group in 2017 indicates our management's ability to add value on an existing business. The increasing occupancy rate also shows the effectiveness of our marketing strategy on reaching potential customers in the market.

Our Group will keep developing the hotel operations business and take advantage of the closer connection and business partnership with the Mainland.

Property Leasing Business

In April 2019, the Group had acquired the remaining 70% of equity interest in Ever Praise Enterprises Limited ("Ever Praise"). Upon completion of the acquisition, the Hotel Property held by Ever Praise become wholly-owned by our Group. The Hotel Property are mainly used for the hotel operations business of our Group, leaving the shops on the ground floor of the Hotel Property leased to independent third parties so as to generate another income stream for our Group. The underlying profit before taxation generated from the property leasing business amounted to approximately HK$0.6 million, representing the financial result captured by the Group during the period from the date of acquisition to 30 June 2019.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Property Leasing Business (Continued)

We have a positive view on the commercial property market in Hong Kong and therefore the potential capital appreciation of the Hotel Property.

The net profits attributable to owners of the Company for the year ended 30 June 2019 was approximately HK$42.6 million (profit per share of HK$0.06), as compared with the net profits attributable to owner of the Company for the year ended 30 June 2018 of approximately HK$39.0 million (profit per share of HK$0.06).

Our EBITDA *(Note 1)* for the year ended 30 June 2019 amounted to approximately HK$156.8 million as compared with our EBITDA of approximately HK$209.5 million for the year ended 30 June 2018.

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

(i) The Group recorded an increase in revenue of approximately HK$6.5 million in total contributed by the money lending business, the hotel operations business and the property leasing business. The total revenue recorded for these businesses during the year ended 30 June 2019 are approximately HK$45.7 million, as compared with that for the year ended 30 June 2018 of approximately HK$39.2 million. It is primarily due to the increase in total gross loan principal lent to our customers from money lending business as well as the boosting reputation and popularity of our Hotel and, as a result, an increasing occupancy rate. The newly acquired property leasing business in April 2019 also contributes another stable and durable income stream to the Group;

(ii) The Group recorded a decrease in cost of services provided of approximately HK$0.1 million incurred solely by the hotel operations business. The total cost of services provided recorded during the year ended 30 June 2019 are approximately HK$14.8 million, as compared with that for the year ended 30 June 2018 of approximately HK$14.9 million. Although the revenue generated from hotel operations recorded an increase of HK$1.3 million, the Group had put effort on the cost control. The most effective one is that the Hotel Property become wholly-owned by our Group in April 2019 upon the acquisition of 70% of equity interest of Ever Praise and therefore our Group had better control on the property leasing cost of hotel operations business;

(iii) The Group recorded an amortisation of intangible assets of HK$51.9 million in respect of the gaming and entertainment business for the year ended 30 June 2019 as compared with that of HK$76.4 million for the previous financial year. The decrease was mainly due to reduced number of existing junket representative agreements arising from the abovementioned cessation of profit stream from one of the gaming lines in the previous financial year;

(iv) The Group recorded an one-off gains on bargain purchases arising from acquiring the remaining 70% of equity interest in an associated company of approximately HK$12.2 million for the year ended 30 June 2019 whereas there is no such acquisition during the year ended 30 June 2018; and

(v) The Group recorded a fair value gain of HK$2.7 million arising from the private fund subscribed by the Group in December 2018 during the year ended 30 June 2019, while no fund had been subscribed by the Group during the year ended 30 June 2018.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

The abovementioned positive effects were partly offset by (a) the decrease in revenue from the gaming business by approximately HK$17.2 million, from HK$91.3 million recorded for the year ended 30 June 2018 to HK$74.1 million recorded for the year ended 30 June 2019, primarily due to the termination of the gaming promotion agreement between Hou Wan and VML in 2017 and therefore the revenue from the gaming business for the year ended 30 June 2019 are merely contributed by the remaining one VIP junket room; (b) the significant decrease of the reversal of impairment loss of trade receivables recorded for the year ended 30 June 2019 of HK$2.0 million as compared with that for the year ended 30 June 2018 of HK$42 million. The decrease is due to the fact that majority of the settlement by the trade debtors during the year ended 30 June 2019 are to repay the part of the overdue trade debts which are secured by the properties located in Macau and thus had not been impaired in previous years.

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 2019, 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 2019.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The bank mortgage loan which is used for purchase of our office premise had been repaid in full in previous years, resulting nil balance of bank borrowing as at 30 June 2019 and 2018. The total cash and bank balances was approximately HK$84.2 million as at 30 June 2019 as compared to approximately HK$595.6 million as at 30 June 2018.

The Group had net current assets of approximately HK$260.2 million (2018: HK$898.2 million) as at 30 June 2019.

The total equity attributable to owners of the Company as at 30 June 2019 amounted to approximately HK$1,132.4 million (2018: HK$1,091.0 million). The gearing ratio, calculated on the basis of total debt over total equity attributable to owners of the Company as at 30 June 2019, was nil (2018: nil).

As at 30 June 2019, the total liabilities amounted to approximately HK$11.9 million (2018: HK$8.3 million), comprising of income tax payable of approximately HK$7.8 million and other payables of approximately HK$4.1 million.

PLEDGE OF GROUP'S ASSETS

As at 30 June 2019, none of the Group's leasehold land and building had been pledged as collateral (2018: nil).

Management Discussion and Analysis

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$1,592,000 has been made in the financial statements as at 30 June 2004. During the years ended 30 June 2019 and 2018, there has been no significant progress.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the total number of employees of the Group was 33. 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

After a nearly two-year period of rebound from late-2016 to mid-2018, the gaming industry in Macau faced a number of geo-political and economic challenges, including the intensified US-China trade war, the slowing Chinese economy, fluctuations of renminbi exchange rate and new smoking ban. As a result, a period of high volatility had been expected to be experienced by the gaming industry in Macau. Despite the concern, the gaming industry successfully upholds its vital role played in and contributing to Macau's economy. According to the monthly statistics published by the Gaming Inspection and Coordination Bureau, the gaming revenue had reached approximately HK$293,333 million for the year ended 30 June 2019, representing a slight increase of 4% over that for the year ended 30 June 2018. It is a result of the better infrastructure in the Greater Bay Area region, with the opening of the Hong Kong-Shenzhen-Guangzhou high speed train and the Hong Kong-Zhuhai-Macau Bridge during late-2018. As a result, visitor arrivals to Macau continued to surge during the year. According to monthly statistics published by Macau's Statistics and Census Service (DSEC). The visitor arrivals to Macau reached 39.3 million for the year ended 30 June 2019, accounting for a considerable increase of 16% over that for the year ended 30 June 2018. We are optimistic on the Macau gaming industry, with the view that there is still room for improvement in visitor arrivals as the visits and connections between the cities in the Greater Bay Area region is expected to be continuously enhanced by the improved transport links.

Arising from the expectation of the current volatile gaming market condition in Macau, our Group had commenced both the money lending business and hotel business in 2017, with an aim to diversify our income stream and to maintain a stable and durable return to our shareholders. Our Group had benefited from consistently strong financial results achieved in these new segments for two consecutive years.

Our Group has continued to strategically allocate funds to expand our money lending business since its commencement in 2017. Our management has closely monitored the market condition in the money lending business in Hong Kong and offers a competitive loan package to our customers with the enhanced available fund. More comprehensive risk assessment procedures have also been taken in place to ensure the quality of our loan portfolio.

The consistently positive financial performance from the hotel operations business are in line with the publicly published statistics reporting that the total overnight visitor arrivals to Hong Kong reached 29.3 million with a year-on-year increase of approximately 4.9%. It is anticipated that the tourism industry in Hong Kong will continue to flourish in the long term due to the opening of the Hong Kong-Shenzhen-Guangzhou high speed train and the Hong Kong-Zhuhai-Macau Bridge. The growing tourism industry in Hong Kong is expected to bring about a positive impact on the hotel market.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Danny Xuda Huang, aged 41, 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. On 24 July 2019, Mr. Huang resigned as an executive director of the Group.

Mr. Lin Chuen Chow, Andy, aged 44, was appointed as an executive Director on 30 November 2012. Mr. Lin obtained from the University of Wales, holding a Bachelor of Arts (Hons) Business Management Degree. He is currently an affiliate member of Hong Kong Securities and Investment Institute (“HKSI”). 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 Chief Operation Officer 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 24 July 2019, Mr. Lin was appointed as the Chairman of the Board of the Group.

Ms. So Wai Yin, aged 43, 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 and a master degree in corporate governance and directorship from The Hong Kong Baptist University. 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 73, 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 56, 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 51, 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 37, 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.

SENIOR MANAGEMENT

Mr. Cheung Yiu Chung, aged 32, 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 2019.

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 of 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 2019 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 2019.

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 and resigned on 24 July 2019
Lin Chuen Chow, Andy	Chairman of the Board and Chief Operation Officer	Appointed on 30 November 2012 and appointed as Chairman on 24 July 2019
So Wai Yin	Executive Director	Appointed on 2 August 2018
Non-Executive Director		
Nicholas J. Niglio	Consultant	Appointed on 3 September 2007
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
Nicholas J. Niglio	–	Member	–
Lin Chuen Chow, Andy	–	–	Chairman
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 two 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. During the year ended 30 June 2019, 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. Following the resignation of Mr. Danny Xuda Huang, Mr. Lin Chuen Chow Andy is both the Chairman and Chief executive of the Group. The Board is of the opinion that the new arrangement will enhance the leadership for managing the group and will enable greater effectiveness and efficiency in formulating business plans and strategies for the future development of the Group. The Board believes that the balance of power and authority is adequately ensured by the composition of the existing board, with half of them being INEDs.

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

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

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.

<d> Nomination Policy

The Company's current Nomination Policy provides the framework by which criteria and process in the nomination, appointment and re-election of directors can be clearly defined and to ensure that the Board has a balance of skills, experience and diversity of perspectives which are appropriate to the requirements of the Company's business. In considering the suitability of a proposed candidate, a number of factors including qualifications, integrity, reputation, time commitment, skills and experience relevant to the Company's businesses will be taken into consideration. The decision of appointment or re-appointment of a director will be made subject to the Company's Board Diversity Policy and the relevant Listing rules. The above selection process will be conducted by the Nomination Committee to identify potential candidate for new directorship or for re-appointment of a director. The recommendations of the Committee on the selected candidates will be communicated to the Board for their consideration and approval. The Nomination Policy also includes the Board succession planning policy outlining the process that the Board need to use for planning to replace board members due to the Directors' resignation, retirement and other circumstance. The Nomination Policy will be reviewed on a regular basis.

Corporate Governance and Other Information

BOARD AND BOARD COMMITTEES COMPOSITION (Continued)

<e> Board Diversity Policy

In order to enhance the effectiveness and the balanced development of the Board, the Company is committed to promoting diversity among the composition of its board members. The current Board Diversity Policy provides a process and guideline which the Company will implement to achieve its diversity and ensures the Board has the appropriate balance of skills, experience and diversity of perspectives that are required for the Company's businesses. The Company recognizes the importance of a corporate culture that embraces diversity and believes that a diversity commitment can be achieved through consideration of a wide range of factors, including gender, age, skills, regional and industry experience, cultural and educational background, length of services in designing the board composition. The Nomination Committee has the primary responsibility for identifying suitable candidates to become Board members based on the selection criteria. The Board Diversity Policy and the diversity of the Board will be reviewed on a regular basis to ensure the continued effectiveness of the policy.

<f> 7 board meetings, 1 annual general meeting and 2 general meetings were held during the financial year ended 30 June 2019. 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:

		Attendance of	
	Board Meetings	**Annual General Meeting**	**General Meeting**
Executive Directors			
Mr. Danny Xuda Huang (resigned on 24 July 2019)	7/7	1/1	0/2
Mr. Lin Chuen Chow, Andy	7/7	1/1	2/2
Ms. So Wai Yin	7/7	1/1	2/2
Non-executive Directors			
Mr. Nicholas J. Niglio	7/7	1/1	0/2
Independent non-executive Directors			
Mr. Cheung Yat Hung, Alton	7/7	1/1	1/2
Mr. Yue Fu Wing	7/7	1/1	2/2
Miss Yeung Hoi Ching	7/7	1/1	1/2

Corporate Governance and Other Information

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 2019 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 2019 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.

2 audit committee meetings were held during the financial year ended 30 June 2019. 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 2018 and unaudited consolidated financial statements for the six months ended 31 December 2018;

– 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.

Corporate Governance and Other Information

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 2019. 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 2019.

	Attendance of Nomination Committee meeting
Members	
Mr. Danny Xuda Huang *(Chairman)* (resigned on 24 July 2019)	1/1
Mr. Lin Chuen Chow, Andy *(Chairman)* (appointed on 24 July 2019)	0/1
Mr. Cheung Yat Hung, Alton	1/1
Mr. Yue Fu Wing	1/1

Corporate Governance and Other Information

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 43 to 48 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.

Corporate Governance and Other Information

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Code B.1.5 of the Corporate Governance Code, the total remuneration of Mr. Cheung Yiu Chung ("Mr. Cheung") for the year ended 30 June 2019 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 2019, 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	870
Non-audit services	30
Total auditor's remuneration for the year	**900**

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.

Corporate Governance and Other Information

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 2018 to 30 June 2019, 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.

Corporate Governance and Other Information

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.

DIVIDENDS POLICY

The Company has a dividend policy which aims to set out the principles and guidelines to be applied in relation to the declaration and payment of the dividends to its shareholders. The Board has the sole and absolute discretion to declare and distribute dividends to the shareholders of the Company and their decision will depend on the actual and expected financial results of the Group, retained earnings and distributable reserves of the Group, the current and future operations, liquidity and capital requirements, capital expenditure requirements, current market condition, future development plan, and any other factors that the Board may consider relevant. The declaration and the amount of the dividends will also be subject to any restrictions under the applicable laws and regulations and the Company's constitutional documents. The Dividends Policy will be reviewed on a regular basis by the Board.

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 2019, 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, money lending business and property leasing business from 1 July 2018 to 30 June 2019 ("reporting period").

ESG MANAGEMENT APPROACH

The Group is principally engaged in investment holdings, with hotel operations, money lending business and property leasing 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.

ESG GOVERNANCE

The Board is primarily responsible for the Group's ESG strategy and reporting, including identifying and determining ESG-related risks and ensuring the effectiveness of ESG risk management. In this regard, the Group has established an ESG working group, who have sufficient knowledge of both ESG matters and its operations, consisting of board members, senior management and frontline staff to discuss the material ESG issues that are relevant to its business and of importance to investors and stakeholders. The ESG working group is responsible for maintaining a transparent and effective discussion with various stakeholders including customers, employees, local community, investors and shareholders with an aim to ascertain the material ESG issues. The ESG working groups enhance the communication with stakeholders through regularly updating the company website, gauging feedback from frontline employees, conducting staff meeting, establishing complaints system, consistently supporting charity organisations. The Board consistently monitors the performance of the ESG working group and ensure the effectiveness of the overall ESG practices.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Since all of the existing business segments, except for the newly acquired property leasing businesses during the year, accounts for more than 10% of the Group's turnovers, and the operation of property leasing business was conducted in the same property with our hotel operations, this ESG report would primarily discloses the identified ESG aspects relating to all of the Group's existing business segments, including junket business in Macau, hotel operations and money lending business and property leasing business in Hong Kong. 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.

Environmental, Social and Governance Report

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.

Environmental, Social and Governance Report

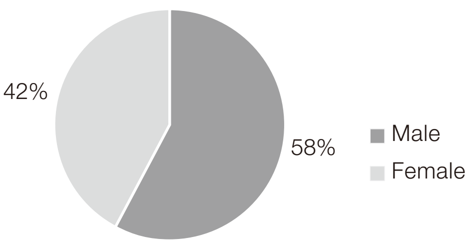
OUR PEOPLE

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.

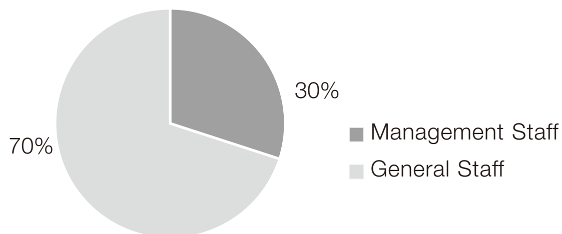
Employee Composition

As of 30 June 2019, the Group had a total of 33 employees, of which 29 were based in Hong Kong and 4 in Macau. The workforce consisted of 28 full time and 5 part-time staff. The proportion of male to female employees was 58:42. 70% of the Company's employees was general staff and 30% was at the management level. 12% of the total workforce was aged 30 or below, 55% aged 31 - 50 and 33% aged above 50.

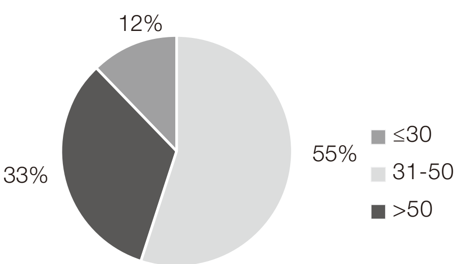
Gender Profile



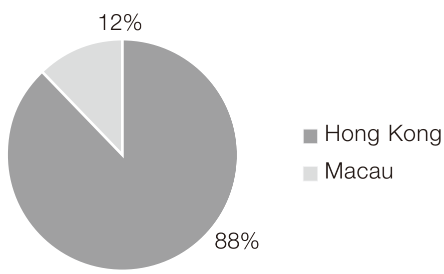
Professional Profile



Age Profile



Regional Profile



Environmental, Social and Governance Report

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.

Environmental, Social and Governance Report

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, including but not limited to the following:

– Occupational, Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

– Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

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, including but not limited to the following:

– Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong);

– Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong); and

– Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong).

Environmental, Social and Governance Report

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 684,096 megajoules (MJ) and the purchased electricity in our Hong Kong office amounted to approximately 803,514 kWh, with an energy intensity of 29.85 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 5,236 cubic meters (m^3), with the water intensity of 0.044 m^3 per thousand Hong Kong dollars revenue.

Type of Resources	Amount of Consumption	Consumption Intensity (per '000 HKD revenue)
Towngas	684,096.00 MJ	29.85 MJ/'000 HKD
Purchased Electricity	803,514.00 kWh	
Water	5,236.00 m^3	0.044 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 operations generated 0.01 kg of sulphur oxides (SO_x) and 2.75 kg of nitrogen oxides (NO_x). While the purchased electricity and towngas used in operations generated direct greenhouse gas emissions (Scope I) of approximately 36.38 tonnes of carbon dioxide equivalent (tCO_2e) and indirect greenhouse gas emissions (Scope II) of approximately 414.20 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.

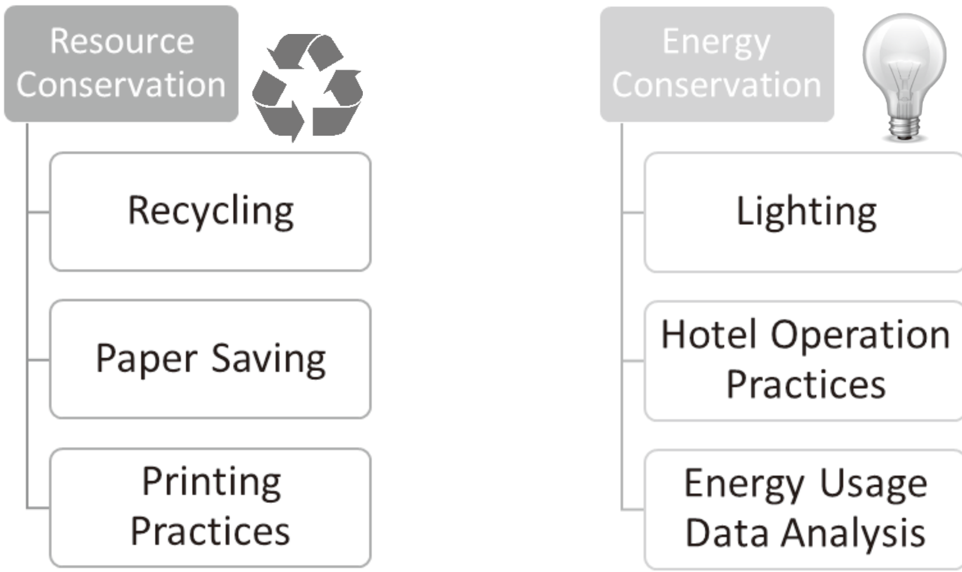
Air Emissions	Amount
Sulphur oxides (SO_x)	0.01 kg
Nitrogen oxides (NO_x)	2.75 kg

Greenhouse Gas Emissions	Amount
Scope I	36.38 tCO_2e
Scope II	414.20 tCO_2e

Environmental, Social and Governance Report

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.

Environmental, Social and Governance Report

PERFORMANCE DATA SUMMARY

		Unit	2019	2018
Workforce Demographics	**Total Headcount**		33	31
	By Geographical Distribution			
	Hong Kong		29	30
	Macau		4	1
	By Age			
	≤30		4	3
	31-50		18	17
	>50		11	11
	By Gender			
	Male		19	20
	Female		14	11
	By Function			
	Management		10	10
	General Staff		23	21
Environment	**Total Resources Consumption**			
	Electricity	kWh	803,514	852,891
	Towngas	MJ	684,096	741,456
	Energy Intensity	MJ/'000 HKD revenue	29.85	29.21
	Water	m^3	5,236	5,129
	Water Intensity	m^3/'000 HKD revenue	0.044	0.039
	Sulphur oxides (SO_x)	kg	0.01	0.01
	Nitrogen oxides (NO_x)	kg	2.75	2.98
	Greenhouse Gas (GHG) Emissions			
	Scope I: direct carbon emissions	tCO_2e	36.38	39.43
	Scope II: indirect carbon emissions	tCO_2e	414.20	447.95
	Total GHG Emissions	tCO_2e	450.58	487.38

Environmental, Social and Governance Report

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

Environmental, Social and Governance Report

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

Environmental, Social and Governance Report

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 2019.

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 2019 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 49 to 132.

The directors of the Company do not recommend the payment of any dividend for the year ended 30 June 2019.

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 52 and note 34 to the financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT 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.

SHARE CAPITAL

- Details of the share capital of the Company are set out in note 27 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 (resigned with effect from 24 July 2019)
Mr. Lin Chuen Chow, Andy (appointed as Chairman with effect from 24 July 2019)
Ms. So Wai Yin

Non-executive Director:
Mr. Nicholas J. Niglio

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, Mr. Lin Chuen Chow, Andy shall retire by rotation and being eligible, offer himself for re-election as executive director. Mr. Yue Fu Wing shall retire by rotation and being eligible, offer himself for re-election as independent 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 2019 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.

Report of the Directors

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

(1) Shares

As at 30 June 2019, 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.

During the year ended 30 June 2019 and up to the date of this Directors' Report, 12,534,000 and 8,356,000 (2018: 12,534,000) share options remained outstanding under the Share Option Scheme and the details of the movements of the said outstanding share options were as follows:

Name of directors	As at 1 July 2018	Lapsed during the year	As at 30 June 2019	Lapsed during the period between 1 July 2019 to the date of this Directors' report	As at the date of this Directors' report	Percentage of outstanding options as at 30 June 2019	Percentage of outstanding options as at the date of this Directors' report
Mr. Danny Xuda Huang[1]	4,178,000	–	4,178,000	(4,178,000)	–	33.33%	–
Mr. Nicholas J. Niglio	4,178,000	–	4,178,000	–	4,178,000	33.33%	50%
Mr. Lin Chuen Chow, Andy	4,178,000	-	4,178,000	-	4,178,000	33.33%	50%

Note:

1. Mr. Danny Xuda Huang resigned from the office of Executive Director of the Company with effect from 24 July 2019. The share options granted to him were lapsed because of his resignation.

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.

Report of the Directors

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 28 to the financial statements.

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.

At 30 June 2019, the total number of shares available for issue under the New Scheme was 12,534,000, representing 1.81% of the number of ordinary shares of the Company in issue as at 30 June 2019. During the period from 1 July 2019 to the date of this Directors’ report, 4,178,000 options granted under the New Scheme were lapsed because of the resignation of the eligible participant.

At 30 June 2019 and 2018, the options have exercise prices of HK$0.610 and HK$0.610 under the New Scheme respectively. At 30 June 2019 and 2018, the weighted average remaining contractual life of the options was 6.76 and 7.76 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

Details of the Company’s subsidiaries as at 30 June 2019 are set out in the notes 22 to financial statements.

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.

Report of the Directors

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 2018 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 33 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	61.82%
– five largest customers in aggregate	76.33%

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.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 2019, 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 2019.

MATERIAL RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group are set out in note 33 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(t) to the financial statements. In the opinion of the Company's directors, the Group had no significant obligations at 30 June 2019 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.2.1 and A.6.7, details of which are set out in the Corporate Governance Report on pages 12 to 22 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 12 to 22 of this annual report.

Report of the Directors

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 2019.

AUDITOR

The consolidated financial statements of the Group for the year ended 30 June 2019 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

Lin Chuen Chow, Andy
Chairman

Hong Kong, 20 September 2019

Independent Auditor's Report

RSM

To the MEMBERS of RICH GOLDMAN HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Rich Goldman Holdings Limited, and its subsidiaries (the "Group") set out on pages 49 to 132, which comprise the consolidated statement of financial position as at 30 June 2019, 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, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, 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 OPINION

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 (the "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 opinion.

Independent Auditor's Report

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. The key audit matters we identified are:

1. Impairment of trade receivables from gaming and entertainment business

2. Impairment of loans receivable from money lending business

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables from gaming and entertainment business *(Refer to Note 25 to the consolidated financial statements)* As at 30 June 2019, the Group had gross trade receivables from gaming and entertainment business of approximately HK$20,172,000 (2018: HK$124,794,000) and provision for impairment of these receivables of approximately HK$ 7,650,000 (2018: HK$59,007,000). Loss allowance for trade receivables from gaming and entertainment business are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the 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, all of which involve a significant degree of management judgement. We identified assessing the recoverability of trade receivables from gaming and entertainment business as a key audit matter because the assessment of the recoverability of trade receivables and recognition of loss allowance are inherently subjective and requires significant management judgement, which increase the risk of error or potential management bias.	Our audit procedures included, among others: – Assessing the Group's procedures on granting credit limits and credit periods to customers; – Testing the accuracy and completeness of the data used by management to develop the historical loss rates and assessing the sufficiency reliability and relevance of that data; – Testing the accuracy of the aging of trade receivables on a sample basis to supporting documents; – 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 expected credit loss provisions with reference to the credit history of individual customers and collaterals held by the Group; – Evaluating management's estimation in the fair value measurement of the collaterals held by the Group; and – Testing the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade receivables outstanding at the reporting date.

Independent Auditor's Report

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 26 to the consolidated financial statements)* As at 30 June 2019, the Group had gross loans receivable from customers amounting to approximately HK$313,143,000 (2018: 252,143,000) and provision for impairment of loans receivable of approximately HK$768,000 (2018: HK$ Nil). Management assessed the provision for impairment of loans receivable based on the estimation of expected credit losses ("ECL") under a "three-stage" model. In developing the loss allowance of loans receivables, management use judgement in making the assumptions about the probability of default and loss given default with reference to the historical delinquency ratio of loans portfolio, collateral values, credit rating of customers and current and forward-looking information on macroeconomic factors. We identified the recoverability of loans receivable from money lending business as a key audit matter because determining the provision for impairment of these receivables involves significant management's estimation and judgement.	We understood and tested the key controls over the impairment of loans receivable and focused on: – Understanding, evaluating and validating control over impairment assessment of loans receivable, which related to management's identification of events that triggered the significant increase in credit risk of loans receivable and events of default; – Carrying out procedures, on a sample basis, to test the existence and accuracy of the aging of loans receivable as at the reporting date; – Involving the valuation specialist to review the valuation methodology and approach adopted by management in ECL assessment; – Evaluating the appropriateness of the key assumptions, such as collateral values, historical delinquency ratio, credit rating of customers used in assessing the ECL based on market economic data; – Re-performing management's calculation of loss allowance under ECL model; and – Considering the adequacy of impairment of loans receivable with reference to the payment performance, financial condition and the collaterals held by the Group of their customers and other relevant factors.

Independent Auditor's Report

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 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.

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.

Independent Auditor's Report

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.

Independent Auditor's Report

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.

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
20 September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	8	**119,807**	130,484
Cost of services provided		**(14,787)**	(14,938)
Other income	9	**5,819**	4,659
Other gains and losses	10	**3,068**	(151)
Amortisation of intangible assets		**(53,293)**	(78,105)
Reversal of impairment losses on intangible assets		**37,000**	49,800
Reversal of impairment losses on trade receivables, net		**2,003**	41,892
Reversal of impairment losses on loans receivable and interest receivables, net		**581**	–
Administrative expenses		**(17,781)**	(13,035)
Profit from operations		**82,417**	120,606
Share of profits of an associate		**1,339**	7,532
Gain on bargain purchase on acquisition of a subsidiary		**12,209**	–
Finance costs	11	**–**	(208)
Profit before tax		**95,965**	127,930
Income tax expense	15	**(4,322)**	(3,546)
Profit and total comprehensive income for the year	12	**91,643**	124,384
Attributable to:			
Owners of the Company		**42,579**	39,009
Non-controlling interests		**49,064**	85,375
		91,643	124,384
		HK$	HK$
Earnings per share	17		
Basic		**0.06**	0.06
Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

At 30 June 2019

	Notes	**2019 HK$'000**	2018 HK$'000
Non-current assets			
Property, plant and equipment	18	**561,336**	68,023
Investment properties	19	**151,000**	–
Intangible assets	20	**23,786**	45,533
Goodwill	21	**2,644**	2,644
Investment in an associate		**–**	88,671
Deferred tax assets	23	**225**	–
Available-for-sale investments	24	**–**	–
Financial assets at fair value through profit or loss	24	**52,671**	–
Loans receivable	26	**140,000**	124,000
Total non-current assets		**931,662**	328,871
Current assets			
Trade and other receivables	25	**14,852**	68,414
Loans receivable and interest receivables	26	**173,012**	129,376
Due from an associate		**–**	111,947
Bank and cash balances		**84,161**	595,633
Total current assets		**272,025**	905,370
Current liabilities			
Other payables		**4,083**	3,801
Current tax liabilities		**7,783**	3,401
Total current liabilities		**11,866**	7,202
Net current assets		**260,159**	898,168
Total assets less current liabilities		**1,191,821**	1,227,039
Non-current liabilities			
Deferred tax liabilities	23	**–**	1,122
NET ASSETS		**1,191,821**	1,225,917

Consolidated Statement of Financial Position

At 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Capital and reserves			
Share capital	27	**1,171,921**	1,171,921
Other reserves	35	**(39,499)**	(80,947)
		1,132,422	1,090,974
Non-controlling interests		**59,399**	134,943
TOTAL EQUITY		**1,191,821**	1,225,917

Approved by the Board of Directors on 20 September 2019 and are signed on its behalf by:

Lin Chuen Chow, Andy	**So Wai Yin**
Director	*Director*

Consolidated Statement of Changes In Equity

For the year ended 30 June 2019

	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 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 and 1 July 2018	1,171,921	5,922	2,264	3,941	(51,221)	(41,852)	1,090,975	134,942	1,225,917
Adjustment on initial application of HKFRS 9	**–**	**–**	**–**	**–**	**–**	**(1,132)**	**(1,132)**	**(5)**	**(1,137)**
Restated balance at 1 July 2018	**1,171,921**	**5,922**	**2,264**	**3,941**	**(51,221)**	**(42,984)**	**1,089,843**	**134,937**	**1,224,780**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**42,579**	**42,579**	**49,064**	**91,643**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(124,602)**	**(124,602)**
At 30 June 2019	**1,171,921**	**5,922**	**2,264**	**3,941**	**(51,221)**	**(405)**	**1,132,422**	**59,399**	**1,191,821**

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**95,965**	127,930
Adjustments for:			
Finance costs		**–**	208
Depreciation		**7,518**	3,234
Amortisation of intangible assets		**53,293**	78,105
Fair value gain on investment properties		**(400)**	–
Gain on bargain purchase on acquisition of a subsidiary	29(a)	**(12,209)**	–
Fair value gain on financial asset at FVTPL		**(2,671)**	–
Loss on disposals of property, plant and equipment		**3**	62
Share of profit of an associate		**(1,339)**	(7,532)
Bank interest income		**(5,219)**	(4,622)
Reversal of impairment losses on loans receivable and interest receivables, net		**(581)**	–
Reversal of impairment losses on trade receivables, net		**(2,003)**	(41,892)
Reversal of impairment losses on intangible assets		**(37,000)**	(49,800)
Impairment loss of other receivables		**–**	89
Operating profits before working capital changes		**95,357**	105,782
Decrease in trade and other receivables		**55,822**	382,692
Increase in loans receivable and interest receivables		**(60,410)**	(187,143)
Decrease in other payables		**(207)**	(6,119)
Net cash generated from operating activities		**90,562**	295,212
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**5,219**	4,622
Purchases of property, plant and equipment		**(1,434)**	(746)
Acquisition of a subsidiary	29(a)	**(429,964)**	–
Acquisition of financial assets at FVTPL		**(50,000)**	–
Repayment to an associate		**(1,253)**	(1,462)
Net cash (used in)/generated from investing activities		**(477,432)**	2,414

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	**2019** **HK$'000**	2018 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to non-controlling interests		**(124,602)**	(282,078)
Repayment of bank borrowing		**–**	(14,009)
Interest on bank borrowing		**–**	(208)
Net cash used in financing activities		**(124,602)**	(296,295)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(511,472)**	1,331
CASH AND CASH EQUIVALENTS AT 1 JULY		**595,633**	594,302
CASH AND CASH EQUIVALENTS AT 30 JUNE		**84,161**	595,633
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**84,161**	595,633

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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 January 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 Financial Instruments; and

(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

(a) Application of new and revised HKFRSs (Continued)

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification and measurement

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVTPL"), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The assets previously classified as available-for-sale investments are reclassified as financial assets at FVTPL under HKFRS 9.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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

(a) Application of new and revised HKFRSs (Continued)

HKFRS 9 Financial instruments (Continued)

(a) Classification and measurement (Continued)

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

(b) Impairment

The Group's loans receivable, interest receivables and trade and other receivables are subject to HKFRS 9's new ECL model.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of receivables.

The Group applied HKFRS 9 and measures the loss allowance for loans receivable, interest receivables and other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

The following table summaries the impact on the Group's opening retained earnings as at 1 July 2018 is as follows:

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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

(a) Application of new and revised HKFRSs (Continued)

HKFRS 9 Financial instruments (Continued)

(b) Impairment (Continued)

	Note	HK$'000
Increase in impairment losses for:		
– Loans receivable and interest receivables	(i)	(1,355)
– Trade and other receivables	(ii)	(6)
Related tax		224
Adjustment to retained earnings from adoption of HKFRS 9 on 1 July 2018		(1,137)
Attributable to:		
Owners of the Company		(1,132)
Non-controlling interest		(5)
		(1,137)

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018.

Financial assets	Note	Classification under HKAS 39	Classification under HKFRS 9	Carrying amount under HKAS 39 HK$'000	Carrying amount under HKFRS 9 HK$'000
Loans receivable and interest receivables	(i)	Loans and receivables	Amortised cost	253,376	252,021
Trade and other receivables	(ii)	Loans and receivables	Amortised cost	68,414	68,408
Unlisted equity securities	(iii)	Available-for-sale	FVTPL	–	–

(i) Loans receivable and interest receivables that were classified as loans and receivables under HKAS 39 are now classified at amortised cost. An increase of HK$1,355,000 in the allowance for impairment of the loans receivable and interest receivables were recognised in opening retained earnings at 1 July 2018 on transition to HKFRS 9.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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

(a) Application of new and revised HKFRSs (Continued)

HKFRS 9 Financial instruments (Continued)

(b) Impairment (Continued)

(ii) Trade and other receivables that were classified as loans and receivables under HKAS 39 are now classified at amortised cost. An increase of HK$6,000 in the allowance for impairment of the trade and other receivables were recognised in opening retained earnings at 1 July 2018 on transition to HKFRS 9.

(iii) Unlisted equity securities that were classified as available-for-sale under HKAS 39 are now classified at financial assets at FVTPL. The unlisted equity securities had been fully impaired in prior years and there was no impact on the amounts recognised in relation to the adoption of HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 July 2018 have not been impacted by the initial application.

The Group did not designate or de-recognise any financial assets or financial liabilities at FVTPL at 1 July 2018.

For assets in scope of the HKFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of HKFRS 9 impairment model requirements at 1 July 2018 results in an additional impairment allowance as follows:

	Note	HK$'000
Impairment allowance at 30 June 2018 under HKAS 39		59,007
Additional impairment recognised at 1 July 2018:		
– Loans receivable and interest receivables	(i)	1,355
– Trade and other receivables	(ii)	6
Impairment allowance at 1 July 2018 under HKFRS 9		60,368

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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

(a) Application of new and revised HKFRSs (Continued)

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

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

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

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 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to HKFRSs 2015 -2017 Cycle	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. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, 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 ending 31 December 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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 (Continued)

Based on a preliminary assessment, it is not anticipated that the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements for 2020 onwards.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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. investment properties and 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

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.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consolidation transferred in a business combination to calculate the goodwill.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. Investment properties are measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment properties are stated at its fair value. Gains or losses arising from changes in fair value of the investment properties are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of investment properties are the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

(h) 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.

(i) Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method. Typically trade receivables, other receivables, loans receivable, interest receivables and cash and bank balances are classified in this category.

– FVTOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss. This category includes unlisted fund investment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

Policy prior to 1 July 2018

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Loans receivable

Loans receivable are loans granted to customers in the ordinary course of business. If collection of loans receivable are expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Loans receivable are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

(l) Interest receivables

Interest receivables are interests derived from loans granted to customers in the ordinary course of business.

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

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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.

(p) 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.

(q) 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.

(r) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(s) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Notes to the Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Revenue recognition (Continued)

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

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.

Policy prior to 1 July 2018

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.

(t) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee benefits (Continued)

(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.

(u) 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.

(v) Borrowing costs

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

(w) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Taxation (Continued)

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.

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.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) 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.

(z) Impairment of financial assets

The Group recognises a loss allowance for ECL on its assets measured at amortised cost such as trade receivables, loans receivable and interest receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, including loans receivable and interest receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Impairment of financial assets (Continued)

Note 6(b) provides more detail of how the expected credit loss allowance of loans receivable and interest receivables are measured.

Policy prior to 1 July 2018

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) 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 (group of) 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 receivables and loans receivable 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 receivables, loans receivable and interest 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) 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.

(bb) 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 consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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 consolidated financial statements.

(a) 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

Prior to the adoption of HKFRS 9 on 1 July 2018, the management of the Group assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired. The provision policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of trade receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

As at 30 June 2018, the carrying amount of trade receivables is HK$65,988,000 (net of allowance for doubtful debts of HK$59,007,000).

Since the adoption of HKFRS 9 on 1 July 2018, the management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 30 June 2019, the carrying amount of trade receivables is HK$12,778,000 (net of allowance for doubtful debts of HK$7,654,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(b) Impairment allowance for loans receivable and interest receivables

Prior to the adoption of HKFRS 9 on 1 July 2018, the management of the Group assesses at the end of each reporting period whether there is any objective evidence that loans receivable and interest receivables are impaired. The provision policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of loans receivable and interest receivables, including the current creditworthiness and the past collection history of each customer, as well as the collateral value, if any. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

As at 30 June 2018, the carrying amount of loans receivable and interest receivables is HK$253,376,000 (net of allowance for doubtful debts of HK$ Nil).

Since the adoption of HKFRS 9 on 1 July 2018, the management of the Group estimates the amount of impairment loss for ECL on loans receivable and interest receivables based on the current creditworthiness and the past collection history of each customer, as well as the collateral value, existing market conditions as well as forward looking estimate of loans receivable and interest receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 30 June 2019, the carrying amount of loans receivable and interest receivables is HK$313,012,000 (net of allowance for doubtful debts of HK$774,000).

(c) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) 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 amortisation method for the intangible assets with finite useful lives are reviewed by the management at least at the end of each reporting period.

(e) 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 2019 was approximately HK$561,336,000 (2018: HK$68,023,000).

(f) 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 (2018: HK$2,644,000), and no impairment has been made. Details of the recoverable amount calculation are disclosed in note 21.

(g) 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.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(h) Fair value of investment properties

The Group appointed an independent professional valuer to assess the fair value of the investment properties. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment properties as at 30 June 2019 was HK$151,000,000 (2018: Nil).

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 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

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk is primarily attributable to its trade receivables, loans receivable, interest receivables 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permit the use of lifetime expected loss provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to 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 reporting period.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 30 June 2019:

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.05%	12,785	7
1 – 90 days	0.00%	–	–
91 – 180 days	0.00%	–	–
181 – 365 days	0.00%	–	–
Over 365 days	100%	7,647	7,647
		20,432	7,654

Expected loss rates are based on actual cash received subsequent to the reporting period and the collaterals value held by the Group. These rates are adjusted to reflect the Group's view of economic conditions over the expected lives of the receivables.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Prior to 1 July 2018

Prior to 1 July 2018, an impairment loss was recognised only when there was objective evidence of impairment. At 30 June 2018, trade receivables of HK$59,007,000 was determined to be impaired. The aging analysis of trade receivables that were not considered to be impaired was as of follows:

	2018 HK$'000
Neither past due nor impaired	65,988
1 – 90 days past due	–
91 – 180 days past due	–
	65,988

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.

Reconciliation of allowance for trade receivables:

	2019 **HK$'000**	2018 HK$'000
At 1 July	**59,007**	101,007
Impact of adoption of HKFRS 9	**6**	–
At 1 July as restated	**59,013**	101,007
Charged for the year	**4**	108
Reversed during the year	**(2,007)**	(42,000)
Written off during the year	**(49,356)**	(108)
At 30 June	**7,654**	59,007

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables

Credit risk Management

The Group manages and analyses the credit risk for each of their new and existing customers before standard payment terms and conditions are offered. In particular, the Group manages its credit risk by:

– Implementing account opening procedures which include financial background checks for credit verification purpose and credit limit assessment for new customers.

– Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowance in accordance with the Group's stated policies and procedures, HKFRS and relevant supervisory guidance.

– Creating credit policies to protect the Group against the identified risk including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.

– Limiting concentrations of exposure by counterparties, credit rating, etc.

– If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

– Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

– Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

– Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

Measurement of ECL

The Group measures loss allowance under HKFRS 9 ECL model. The measure of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data, collateral values, credit rating of customers and adjusted by forward-looking information.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Measurement of ECL (Continued)

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

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

The key inputs used for measuring ECL are:

– Probability of default (PD);

– Loss given default (LGD); and

– Exposure at default (EAD).

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information.

Elements of the ECL models that are considered accounting judgements and estimates include:

– The Group's estimation of probabilities of default to individual customers;

– The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

– Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures; and

– Determination of associations between macroeconomic scenarios and, economic inputs, such as delinquency ratios and collateral values, and the effect on probabilities of default, exposures at default and losses given default.

It is the Group's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Measurement of ECL (Continued)

The Group categorises the credit quality of its loans receivable and interest receivables according to 3 different stages under the ECL model:

– Stage 1: financial assets without significant increase in credit risk since initial recognition where loss allowance is calculated based on 12-month ECL

– Stage 2: financial assets with significant increase in credit risk since initial recognition where loss allowance is calculated based on lifetime ECL

– Stage 3: credit impaired assets where loss allowance is calculated based on lifetime ECL.

Significant increase in credit risk

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

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

– An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– Significant deterioration in external market indicators of credit risk for a particular financial instrument;

– Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– An actual or expected significant deterioration in the operating results of the debtor;

– Significant increases in credit risk on other financial instruments of the same debtor;

– An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Significant increase in credit risk (Continued)

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

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group collects performance and default information about its credit risk exposures and analyses all data collected and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as delinquency rate.

The Group uses different criteria to determine whether credit risk has increased significantly and the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case the asset may move back to stage 1 from stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– Probable bankruptcy entered by the borrowers; or

– Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– Significant financial difficulty of the issuer or the counterparty;

– A breach of contract, such as a default or past due event;

– The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or

– It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– The disappearance of an active market for that financial asset because of financial difficulties.

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Credit risk exposure

The Group applies the general approach to provide for expected credit loss prescribed by HKFRS 9 on its loans receivable and interest receivables. The Group have taken into account the probability of default and loss given default with reference to the historical delinquency ratio of loans, collateral values, credit rating of customers and current and forward-looking information on macroeconomic factors.

	As at 30 June 2019	
	Stage 1	
	12-month ECL	**Total**
	HK$'000	HK$'000
Loans receivable	313,143	313,143
Impairment allowance	(768)	(768)
Loans receivable – net of impairment allowance	312,375	312,375
Interest receivables	643	643
Impairment allowance	(6)	(6)
Interest receivables – net of impairment allowance	637	637

As at 30 June 2018, loans receivable and interest receivables were neither past due nor impaired relate to the customer for whom there was no recent history of default.

Sensitivity analysis

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, economic scenario weighting and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements impact the assessment of significant increase in credit risk and the measurement of ECLs.

The following table shows the impact on ECL allowance on loans receivable and interest receivables as at 30 June 2019 by changing individual input.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Sensitivity analysis (Continued)

Changes in input on ECL model	**Increase/(decrease) on ECL allowance on loans receivable and interest receivables** HK$'000
Assuming the forecast collateral value increase by 10%	(23)
Assuming the forecast collateral value decrease by 10%	23
Assuming the expected default rate is relatively increased by 10%	77
Assuming the expected default rate is relatively decreased by 10%	(77)

Collateral is obtained in respect of loans receivable amounted to HK$303,590,000 (2018: HK$218,000,000) as at 30 June 2019. Such collaterals comprise residential properties and unlisted equity securities pledged against the loans receivable.

Concentration of credit risk

At 30 June 2019, 98.0% (2018: 99.9%) of the total trade receivables was due from the Group's largest customer, within the gaming and entertainment segment.

At 30 June 2019, 83.7% (2018: 68.3%) of the total loans receivable was due from the Group's three largest customers, within the money lending segment.

Bank and cash balances

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.

6. FINANCIAL RISK MANAGEMENT (Continued)

(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	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2019					
Other payables	**2,201**	**–**	**–**	**–**	**2,201**
At 30 June 2018					
Other payables	2,209	–	–	–	2,209

(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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets:		
Financial assets at fair value through profit or loss	52,671	–
Financial assets at amortised cost	411,687	–
Available-for-sale investments	–	–
Loans and receivables (including cash and cash equivalents)	–	1,028,666
	464,358	1,028,666
Financial liabilities:		
Financial liabilities at amortised cost	2,201	2,209

(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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 30 June 2019 and 2018:

At 30 June 2019, the fair value measurements of the Group's financial assets at FVTPL and investment properties are recurring and are determined using level 3 inputs.

At 30 June 2018, 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:

		Financial assets at FVTPL		
Description	**Investment properties HK$'000**	**Unlisted equity securities HK$'000**	**Unlisted fund investment HK$'000**	**Total HK$'000**
At 1 July 2018	–	–	–	–
Arising from acquisition of a subsidiary	150,600	–	–	150,600
Financial asset acquired during the year	–	–	50,000	50,000
Total gains or losses recognised in profit or loss (#)	400	–	2,671	3,071
At 30 June 2019	151,000	–	52,671	203,671
(#) Include gains or losses for assets held at end of reporting period	400	–	2,671	3,071

	Available-for-sale Financial assets	
	Unlisted equity securities HK$'000	**Total** HK$'000
At 1 July 2017	–	–
Total gains or losses recognised in profit or loss (#)	–	–
At 30 June 2018	–	–
(#) Include gains or losses for assets held at end of reporting period	–	–

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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 2019:

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. In respect of level 3 fair value measurements, the Group normally engages external valuation experts with relevant recognised qualifications and experience to perform the valuations. 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 valuation techniques used and the key input to level 3 fair value measurements are set out below:

Description	Valuation technique and key input
Commercial units located in Hong Kong	Comparison approach – Adjusted factor on location
Unlisted fund investment	Fair values of underlying investments provided by the administer of fund
Unlisted equity securities	Income approach – Discount rate

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 2019 HK$'000	Fair value 2018 HK$'000
Commercial units located in Hong Kong	Comparison approach	Adjusted factor on location	0% - 25%	Increase	**151,000**	N/A
Financial assets at FVTPL - Unlisted fund investment	Fair value of underlying investments	N/A	N/A	N/A	**52,671**	N/A
Financial assets at FVTPL - Unlisted equity securities	Income approach	Discount rate	19.23%	Decrease	**–**	N/A
Available-for-sale investments	Income approach	Discount rate	16.85%	Decrease	**N/A**	–

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

8. SEGMENT INFORMATION

The principal activities of the Group are gaming and entertainment, money lending, hotel operations and property leasing.

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 four 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

(4) Property Leasing

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 profits of an associate, unallocated administrative expenses, gain on bargain purchase of acquisition of a subsidiary and finance costs. Segment assets do not include investment in an associate and unallocated corporate asset. Segment liabilities do not include unallocated corporate liabilities.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

8. SEGMENT INFORMATION (Continued)

(i) 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$'000	Property Leasing HK$'000	Total HK$'000
Year ended 30 June 2019					
Revenue	74,069	20,612	24,782	344	119,807
Depreciation	–	–	(4,605)	–	(4,605)
Amortisation of intangible assets	(51,947)	–	(1,346)	–	(53,293)
Reversal of impairment losses/(impairment losses) on trade receivables	2,007	–	(4)	–	2,003
Reversal of impairment losses on loans receivable and interest receivables, net	–	581	–	–	581
Reversal of impairment losses on intangible assets	37,000	–	–	–	37,000
Fair value gain on investment properties	–	–	–	400	400
Loss on disposals of property, plant and equipment	–	–	(3)	–	(3)
Segment results	61,327	16,898	2,587	544	81,356
Unallocated other income					5,526
Unallocated other gains and losses					2,671
Share of profit of an associate					1,339
Gain on bargain purchase of acquisition of a subsidiary					12,209
Unallocated expenses					(11,458)
Profit after tax					91,643

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

8. SEGMENT INFORMATION (Continued)

(i) 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 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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

8. SEGMENT INFORMATION (Continued)

(ii) Segment assets and liabilities

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

	Gaming and Entertainment Business HK$'000	Money Lending Business HK$'000	Hotel Operations HK$'000	Property Leasing HK$'000	Total HK$'000
As at 30 June 2019					
Assets					
Segment assets	74,264	318,282	507,709	177,842	1,078,097
Unallocated corporate assets					125,590
Consolidated total assets					1,203,687
Liabilities					
Segment liabilities	(111)	(5,120)	(3,452)	(489)	(9,172)
Unallocated corporate liabilities					(2,694)
Consolidated total liabilities					(11,866)

	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)

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

Unallocated corporate liabilities mainly represent other payables.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

8. SEGMENT INFORMATION (Continued)

(iii) 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 properties, intangible assets, goodwill, investment in an associate, financial assets at fair value through profit or loss and loans receivable. The geographical locations of property, plant and equipment and investment properties 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 investment in an associate, financial assets at fair value through profit or loss and loans receivable, it is the location of operation of the associate, operation of fund and the money lending business of the Group.

	Revenue from external customers Year ended 30 June		Non-current assets As at 30 June	
	2019 HK$000	2018 HK$000	**2019 HK$000**	2018 HK$000
Hong Kong	**45,738**	39,181	**907,651**	290,138
Macau	**74,069**	91,303	**23,786**	38,733
	119,807	130,484	**931,437**	328,871

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

8. SEGMENT INFORMATION (Continued)

(iv) Information about major customers

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

	Segment	Note	2019 HK$'000	2018 HK$'000
Customer A	Gaming and Entertainment Business	(i)	**74,069**	80,965
Customer B	Gaming and Entertainment Business	(ii)	**N/A**	10,338

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.

9. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Bank interest income	**5,219**	4,622
Others	**600**	37
	5,819	4,659

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

10. OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Loss on disposals of property, plant and equipment	**(3)**	(62)
Fair value gain on investment properties	**400**	–
Fair value gain on financial assets at FVTPL	**2,671**	–
Impairment losses on other receivables	**–**	(89)
	3,068	(151)

11. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest expenses on bank borrowing	**–**	208

12. PROFIT FOR THE YEAR

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

	2019 HK$'000	2018 HK$'000
Auditor's remuneration		
– audit services	**870**	1,050
– other services	**30**	–
Amortisation of intangible assets	**53,293**	78,105
Depreciation	**7,518**	3,234
Fair value gain on investment properties	**(400)**	–
Impairment losses on other receivables	**–**	89
Loss on disposals of property, plant and equipment	**3**	62
Operating lease charges	**3,829**	4,726
Reversal of impairment losses on intangible assets	**(37,000)**	(49,800)
Reversal of impairment losses on trade receivables, net	**(2,003)**	(41,892)
Reversal of impairment losses on loans receivable and interest receivables, net	**(581)**	–

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

13. EMPLOYEE BENEFITS EXPENSE

	2019	2018
	HK$'000	HK$'000
Employee benefits expense (excluding directors' emoluments):		
Salaries, bonuses and allowances	**6,747**	7,391
Retirement benefit scheme contributions	**292**	292
	7,039	7,683

Five highest paid individuals

The five highest paid individuals in the Group during the year included four (2018: three) directors whose emoluments are reflected in the analysis presented in note 14. The emoluments of the remaining one (2018: two) individuals is set out below:

	2019	2018
	HK$'000	HK$'000
Basic salaries and allowances	**416**	1,269
Discretionary bonuses	**34**	91
Retirement benefit scheme contributions	**18**	36
	468	1,396

The emoluments fell within the following band:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**1**	2

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

14. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	Year ended 30 June 2019						
	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 and non-executive directors:							
Mr. Danny Xuda Huang (note (i))	–	624	–	–	–	18	642
Mr. Lin Chuen Chow, Andy	–	474	48	–	140	18	680
Ms. So Wai Yin (note (ii))	–	306	102	–	275	17	700
Mr. Nicholas J. Niglio (note (iii))	–	440	37	–	–	–	477
Independent non-executive directors:							
Mr. Yue Fu Wing	60	–	–	–	–	–	60
Mr. Cheung Yat Hung, Alton	60	–	–	–	–	–	60
Ms. Yeung Hoi Ching	60	–	–	–	–	–	60
	180	1,844	187	–	415	53	2,679

14. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

	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 (note (i))	–	624	–	–	–	18	642
Mr. Nicholas J. Niglio (note (iii))	–	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

(i) Resigned on 24 July 2019, subsequent to the year ended 30 June 2019.

(ii) Appointed on 2 August 2018.

(iii) 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.

Neither the Chief Executive nor any of the directors waived any emoluments during the year (2018: 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

15. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	**4,382**	3,401
Deferred tax (note 23)	**(60)**	145
	4,322	3,546

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the years ended 30 June 2019 and 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 Group's 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.

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:

	2019 HK$'000	2018 HK$'000
Profit before taxation	**95,965**	127,930
Tax calculated at applicable tax rate of 16.5% (2018: 16.5%)	**15,834**	21,108
Tax effect of expenses that are not deductible	**10,466**	14,434
Tax effect of income that is not taxable	**(18,925)**	(26,265)
Tax effect of temporary differences not recognised	**545**	412
Tax effect of utilisation of tax losses not previously recognised	**–**	(137)
Income tax on concessionary rate (note (i))	**(165)**	–
Effect of different tax rates of subsidiaries	**(3,433)**	(6,006)
Income tax expense	**4,322**	3,546

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

15. INCOME TAX EXPENSE (Continued)

Note:

(i) On 21 March 2018, the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces a two-tiered profits tax regime, was substantially enacted. Under the two-tiered profits tax regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Assessable profits above HK$2 million will continue to be subject to the tax rate of 16.5%.

16. DIVIDENDS

The directors do not recommend the payment of any dividend for each of the years ended 30 June 2019 and 2018.

17. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$42,579,000 (2018: HK$39,009,000) and the weighted average number of ordinary shares of 692,437,000 (2018: 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 years ended 30 June 2019 and 2018.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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 2017	70,400	484	1,285	435	72,604
Additions	–	225	431	90	746
Disposal	–	(115)	–	–	(115)
At 30 June 2018 and 1 July 2018	70,400	594	1,716	525	73,235
Additions	–	1,010	406	18	1,434
Arising from acquisition of a subsidiary (note 29(a))	499,400	–	–	–	499,400
Disposal	–	–	(11)	–	(11)
At 30 June 2019	**569,800**	**1,604**	**2,111**	**543**	**574,058**
Accumulated depreciation and impairment					
At 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 and 1 July 2018	3,286	196	1,277	453	5,212
Charge for the year	6,978	339	180	21	7,518
Disposal	–	–	(8)	–	(8)
At 30 June 2019	**10,264**	**535**	**1,449**	**474**	**12,722**
Carrying amount					
At 30 June 2019	**559,536**	**1,069**	**662**	**69**	**561,336**
At 30 June 2018	67,114	398	439	72	68,023

No property, plant and equipment was pledged as security as at 30 June 2019 and 30 June 2018.

19. INVESTMENT PROPERTIES

	HK$'000
Fair value:	
At 1 July 2017, 30 June 2018 and 1 July 2018	–
Arising from acquisition of a subsidiary (note 29(a))	150,600
Increase in fair value	400
At 30 June 2019	**151,000**

19. INVESTMENT PROPERTIES (Continued)

Investment properties were revalued at 30 June 2019 on the open market value basis by reference to market evidence of recent transactions for similar properties by BMI Appraisals Limited, an independent firm of chartered surveyors. Valuation for commercial properties was derived using the comparison approach.

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 2017, 30 June 2018 and 1 July 2018	567,793	405,000	1,215,000	562,000	2,749,793	8,500	2,758,293
Derecognition arising from acquisition of a subsidiary (note 29(a))	–	–	–	–	–	(8,500)	(8,500)
At 30 June 2019	**567,793**	**405,000**	**1,215,000**	**562,000**	**2,749,793**	**–**	**2,749,793**
Accumulated amortisation and impairment							
At 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 and 1 July 2018	567,793	405,000	1,215,000	523,267	2,711,060	1,700	2,712,760
Amortisation for the year	–	–	–	51,947	51,947	1,346	53,293
Derecognition arising from acquisition of a subsidiary (note 29(a))	–	–	–	–	–	(3,046)	(3,046)
Reversal of impairment loss	–	–	–	(37,000)	(37,000)	–	(37,000)
At 30 June 2019	**567,793**	**405,000**	**1,215,000**	**538,214**	**2,726,007**	**–**	**2,726,007**
Carrying amount							
At 30 June 2019	**–**	**–**	**–**	**23,786**	**23,786**	**–**	**23,786**
At 30 June 2018	–	–	–	38,733	38,733	6,800	45,533

Gaming and Entertainment Business

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. As at 30 June 2017, the recoverable amount of Hoi Long Profit Agreement was determined at HK$55,000,000. Amortisation charges of approximately HK$55,000,000 was charged for the year ended 30 June 2018.

During the year ended 30 June 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 ended 31 January 2019. The recoverable amount of Hoi Long Profit Agreement was determined at HK$49,800,000 and amortisation charges of approximately HK$11,067,000 was charged for the year ended 30 June 2018. Amortisation charges of approximately HK$38,733,000 in respect of the above was charged for the year ended 30 June 2019.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

20. INTANGIBLE ASSETS (Continued)

Gaming and Entertainment Business (Continued)

On 29 January 2019, 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 14 months ending 31 March 2020. 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 14-month period. The cash flows are discounted using a discount rate of 19.23%. 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 29 January 2019 was estimated at HK$37,000,000 and a reversal of impairment loss of an equivalent amount was recognised for the year ended 30 June 2019. Amortisation charge of approximately HK$13,214,000 in respect of the above was charged for the year ended 30 June 2019.

Hotel Operations

During the year ended 30 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"). 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 pre-tax discount rate of 20.37%.

As disclosed in note 29(a) to the consolidated financial statements, on 18 April 2019, the Group acquired the remaining 70% equity interest in Ever Praise. Following the acquisition, Ever Praise become a wholly owned subsidiary of the Group. The aggregated lease benefit was derecognised following the completion of the acquisition.

21. GOODWILL

	HK$'000
Cost and carrying amount	
At 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	2,644

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

21. GOODWILL (Continued)

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.

As at 30 June 2019 and 2018, 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 CGUs include budgeted gross profit margin. The pre-tax discount rate used to reflect the specific risks relating to the CGUs and applied to the cash flow projections was 24.26% (2018: 20.37%).

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 2019 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
Ever Praise Enterprises Limited	BVI/Hong Kong	US$10,000	–	100%	Property investment and leasing

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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.

Essence Gold and its subsidiary

	2019 HK$'000	2018 HK$'000
Principal place of business/country of incorporation	**Macau/BVI**	Macau/BVI
% of ownership interests/voting rights held by NCI	**80%/33%**	80%/33%
At 30 June:		
Non-current assets	**23,786**	38,733
Current assets	**50,502**	129,950
Current liabilities	**(81)**	(56)
Net assets	**74,207**	168,627
Accumulated NCI	**59,366**	134,902
Year ended 30 June:		
Revenue	**74,069**	80,965
Other income and expenses	**(12,734)**	25,774
Profit and total comprehensive income for the year	**61,335**	106,739
Profit allocated to NCI	**49,066**	85,391
Dividends paid to NCI	**124,602**	97,116
Net cash generated from operating activities	**129,546**	126,120
Net cash generated from investing activities	**24**	30
Net cash used in financing activities	**(155,753)**	(121,395)
Net (decrease)/increase in cash and cash equivalents	**(26,183)**	4,755

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 2019 and 2018, 70% of the post-acquisition results and net assets of Base Move were allocated to non-controlling interests.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

22. PRINCIPAL SUBSIDIARIES (Continued)

(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 2019 and 2018, 80% of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interests.

23. DEFERRED TAX

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

	Intangible assets HK$'000	**Tax losses** HK$'000	**Loans receivable and interest receivables** HK$'000	**Total** HK$'000
At 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 and 1 July 2018	(1,122)	–	–	(1,122)
Adjustment on initial application of HKFRS 9	–	–	224	224
At 1 July 2018 as restated	(1,122)	–	224	(898)
Acquisition of a subsidiary (note 29(a))	–	163	–	163
Credit/(charge) to profit or loss for the year (note 15)	222	(67)	(95)	60
Derecognition arising from acquisition of a subsidiary (note 29(a))	900	–	–	900
At 30 June 2019	**–**	**96**	**129**	**225**

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

	2019 **HK$'000**	2018 HK$'000
Deferred tax assets	**225**	–
Deferred tax liabilities	**–**	(1,122)
	225	(1,122)

At the end of the reporting period, the Group has unused tax losses of HK$11,123,000 (2018: HK$10,541,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$582,000 (2018: Nil) of such losses. No deferred tax asset has been recognised in respect of the unused tax losses of HK$10,541,000 (2018: HK$10,541,000) due to the unpredictability of future profits streams. Tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS

	2019 HK$'000	2018 HK$'000
Financial assets at fair value through profit or loss		
– Unlisted equity securities	–	–
– Unlisted fund investment (note (i))	52,671	–
	52,671	–
Available-for-sale investments		
– Unlisted equity securities	–	–
	52,671	–

Note:

(i) On 14 December 2018, the Group subscribed the unlisted fund investment for aggregate consideration of HK$50,000,000.

As at 30 June 2019, carrying amount at unlisted fund investment of HK$52,671,000 which is not quoted in an active market. The fair value of investment is stated with reference to the net asset value provided by administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of reporting period.

The carrying amount of the investment is denominated in Hong Kong dollars.

25. TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade debtors from gaming and entertainment business		
– Entities owned by shareholders of non-controlling interests of subsidiaries		
– Customer A	20,172	75,438
– Other customers	–	49,356
Trade debtors from hotel operations business	260	201
	20,432	124,995
Impairment losses on trade receivables	(7,654)	(59,007)
	12,778	65,988
Deposits, prepayments and other receivables	2,074	2,426
	14,852	68,414

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

25. 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:

	2019	2018
	HK$'000	HK$'000
0 – 90 days	**5,797**	15,511
91 – 180 days	**–**	–
181 – 365 days	**–**	–
Over 365 days	**6,981**	50,477
	12,778	65,988

As at 30 June 2019, an allowance was made for estimated irrecoverable trade receivables of approximately HK$7,654,000 (2018: HK$59,007,000).

Reconciliation of allowance for trade receivables:

	2019	2018
	HK$'000	HK$'000
At 1 July	**59,007**	101,007
Impact of adoption of HKFRS 9	**6**	–
At 1 July as restated	**59,013**	101,007
Charged for the year	**4**	108
Reversed during the year	**(2,007)**	(42,000)
Written off during the year	**(49,356)**	(108)
At 30 June	**7,654**	59,007

The trade receivables were denominated in Hong Kong dollars.

As of 30 June 2019, no trade receivables (2018: nil) were past due but not impaired.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

25. TRADE AND OTHER RECEIVABLES (Continued)

Trade debtors from gaming and entertainment business

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.

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 2018, the fair value of these properties that used to secure the unsettled trade debtors was amounted to HK$40,390,000. Together with the amount already settled subsequent to 30 June 2018, the directors considered that part of the outstanding trade debtors amounting 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.

Except for outstanding trade debtors of HK$7,647,000 which an equivalent amount of allowance for trade receivables have been made, all the remaining balance of trade debtors from gaming and entertainment business have been subsequently settled.

26. LOANS RECEIVABLE AND INTEREST RECEIVABLES

	2019 **HK$'000**	2018 HK$'000
Loans receivable	**313,143**	252,143
Less: Provision for impairment assessment of loans receivable	**(768)**	–
Loans receivable, net of provision	**312,375**	252,143
Interest receivables	**643**	1,233
Less: Provision for impairment assessment of interest receivables	**(6)**	–
Interest receivables, net of provision	**637**	1,233
	313,012	253,376

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

26. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

The credit quality analysis of the loans receivable and interest receivables are as follows:

	2019 HK$'000	2018 HK$'000
Neither past due nor impaired		
– Secured	**304,096**	218,841
– Unsecured	**8,916**	34,535
	313,012	253,376
Analysed as:		
– Non-current assets	**140,000**	124,000
– Current assets	**173,012**	129,376
	313,012	253,376

The loans receivable and interest receivables above were denominated in Hong Kong dollars and arise from the money lending business.

The secured loans were secured by the 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.

All of the loans receivable bear interest and are repayable within the fixed term agreed with the customers. At 30 June 2019, the average effective interest rate of the loans receivable was 7% (2018: 9%) per annum.

Movements on the Group's impairment of loans receivable and interest receivables are as follows:

	Year ended 30 June 2019 Stage 1 – 12-month ECL		
	Loans receivable HK$'000	Interest receivables HK$'000	Total HK$'000
At 1 July 2018	–	–	–
Impact of adoption of HKFRS 9	1,347	8	1,355
At 1 July 2018 as restated	1,347	8	1,355
New loans originated	60	1	61
Loans repaid during the year	(61)	(1)	(62)
Reversed during the year	(578)	(2)	(580)
As at 30 June 2019	768	6	774

26. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

In general, loans receivable and interest receivables are considered as default with the loans receivable and interest receivables are overdue by 60 days. At 30 June 2019, no loans receivable and interest receivables were default and loans receivable and interest receivables were neither past due nor impaired relate to the customers for whom there was no recent history of default.

For loans receivable and interest receivables that are not credit-impaired without significant increase in credit risk since initial recognition ("Stage 1"), ECL is measured at an amount equal to the portion of lifetime ECL that result from default events possible within next 12 months. If a significant increase in credit risk since initial recognition is identified ("Stage 2") but not yet deemed to be credit impaired, ECL is measured based on lifetime ECL. If credit impaired is identified ("Stage 3"), ECL is measured based on lifetime ECL. In general, when loans receivable and interest receivables are overdue by 30 days, there are significant increase in credit risk.

As at 30 June 2019, the reversal of individual impairment assessment of loans receivable of HK$578,000 and interest receivables of HK$2,000 was due to change in probability of default and loss given default during the year.

A maturity profile of the loans receivable as at the year end of the reporting period, based on the maturity date, net of provision, is as follows:

	As at 30 June	
	2019	2018
	HK'000	HK'000
Current	**172,375**	128,143
Over 1 year and within 5 years	**140,000**	124,000
	312,375	252,143

All the interest receivables as at the end of the reporting period, based on the maturity date, are current.

27. SHARE CAPITAL

	Number of shares '000	**Amount HK$'000**
Ordinary shares, issued and fully paid:		
At 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	**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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

27. SHARE CAPITAL (Continued)

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 is in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

28. 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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

28. SHARE OPTION SCHEME (Continued)

Old Share Option Scheme (Continued)

(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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

28. SHARE OPTION SCHEME (Continued)

New Share Option Scheme (Continued)

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.

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 2018, 234,000 options granted under the Old Scheme were lapsed upon the expiry of shares granted in 2007.

At 30 June 2019, the options have exercise prices of HK$0.61 under the New Scheme. The weighted average remaining contractual life of the options was 6.76 years.

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.

28. SHARE OPTION SCHEME (Continued)

Details of specific categories of share options and the movements during the years ended 30 June 2019 and 2018 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 2018 (note i)	Lapsed during the year	At 30 June 2019	(note ii)		(note iii)
		'000	'000	'000			HK$
Directors							
Mr. Danny Xuda Huang (note iv)	New Share Option Scheme	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Nicholas J. Niglio	New Share Option Scheme	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Lin Chuen Chow, Andy	New Share Option Scheme	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
		12,534	–	12,534			
Weighted average exercise price (HK$)		0.61	–	0.61			
Outstanding and exercisable				12,534			

28. 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 2017 (note i) '000	Lapsed during the year '000	At 30 June 2018 '000	(note iii)		(note iii) HK$
Directors							
Mr. Danny Xuda Huang	New Share Option Scheme	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Nicholas J. Niglio	Old Share Option Scheme	234	(234)	–	29/10/2007	29/10/2007 to 28/10/2017	3.307
	New Share Option Scheme	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Lin Chuen Chow, Andy	New Share Option Scheme	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			

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

28. 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.

(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.

(iv) Resigned on 24 July 2019, subsequent to the year ended 30 June 2019.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of a subsidiary

On 18 April 2019, the Group acquired the remaining 70% equity interest in Ever Praise at a total consideration of HK$455,000,000. Ever Praise was engaged in property investment and leasing. Prior to the acquisition, the Group held 30% equity interest in Ever Praise and classified the investment as investment in an associate in the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Acquisition of a subsidiary (Continued)

The fair value of the identifiable assets and liabilities of Ever Praise acquired as at the date of acquisition are as follows:

	Note	HK$'000
Net assets acquired:		
Investment properties	(i)	650,000
Trade and other receivables		263
Bank and cash balances		25,036
Amount due to shareholder		(112,174)
Amount due to related party		(1,026)
Trade and other payables		(489)
Deferred tax assets		163
		561,773
Gain on bargain purchase		(12,209)
		549,564
Satisfied by:		
Cash		455,000
Fair value of previously held equity interest in Ever Praise	(ii)	90,010
Settlement of pre-existing leasing relationship	(iii)	4,554
		549,564
Net cash outflow arising on acquisition:		
Cash consideration paid		(455,000)
Cash and cash equivalents acquired		25,036
		(429,964)

The Group recognised a gain on bargain purchase of HK$12,209,000 in the business combination.

Notes:

(i) The fair value of the investment properties as at the date of acquisition of 70% equity interest in Ever Praise is valued by independent professional valuer, BMI Appraisals Limited. The separately identifiable portion of the hotel premise, amounted to approximately HK$499,400,000, that is held by the Group for the use in the supply of hotel operation services are reclassified as property, plant and equipment in the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Acquisition of a subsidiary (Continued)

Notes: (Continued)

(ii) In a business combination achieved in stages, the Group remeasure its previously held equity interest in Ever Praise at its acquisition date fair value and recognised the resulting gain or loss in the profit or loss in accordance with HKFRS 3 (Revised) "Business Combinations". The fair value of this previously held equity interest is then added to the sum of the consideration transferred in a business combination to calculate the gain on bargain purchase.

(iii) The Group acquired Harbour Bay Hotels Limited ("Harbour Bay") on 26 June 2017 and recognised an intangible asset in respect of the favorable lease terms for the lease of the hotel premise between Harbour Bay and Ever Praise. Upon completion of the Acquisition, the pre-existing lease relationship between the Group and Ever Praise will become an intra-group transaction and will effectively be settled. This is accounted for as a separate transaction from the business combination and accordingly an adjustment of HK$4,554,000 is made to the consideration in the table above which represents the amount by which the contract is favorable to the Group at the acquisition date, net of the related tax impact.

Ever Praise contributed approximately HK$344,000 and HK$144,000 to the Group's revenue and profit for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 July 2018, total Group revenue for the year ended 30 June 2019 would have been HK$121,324,000, and profit for the year would have been HK$75,142,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2018, nor is intended to be a projection of future results.

(b) 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	14,009	(14,217)	208	–

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

30. 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 2019 and 2018, there has been no significant progress.

31. CAPITAL COMMITMENTS

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

	2019 **HK$'000**	2018 HK$'000
Capital expenditure in respect of leasehold improvement and decoration work contracted for but not provided in the consolidated financial statements	–	529

32. LEASE COMMITMENTS

At 30 June 2019 the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	–	4,802
In the second to fifth years inclusive	–	18,513
	–	23,315

Operating lease payments represent rental payable by the Group of its offices and the hotel premises as at 30 June 2018. Leases are negotiated for an average term of 7 years and rentals are fixed over the lease terms and do not include contingent rentals.

32. LEASE COMMITMENTS (Continued)

The Group as lessor

At 30 June 2019 the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**1,918**	–
In the second to fifth years inclusive	**106**	–
	2,024	–

33. 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$3,809,000 (2018: HK$4,505,000) paid to an associate of the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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

(a) Statement of financial position of the Company

		As at 30 June	
		2019	2018
	Note	**HK$'000**	HK$'000
Non-current assets			
Property, plant and equipment		**64,592**	67,496
Investments in subsidiaries		**595,095**	140,095
Total non-current assets		**659,687**	207,591
Current assets			
Other receivables		**378**	463
Amounts due from subsidiaries		**376,462**	332,274
Bank and cash balances		**6,926**	469,127
Total current assets		**383,766**	801,864
Current liabilities			
Other payables		**778**	1,240
Amounts due to subsidiaries		**351,759**	386,953
Total current liabilities		**352,537**	388,193
Net current assets		**31,229**	413,671
NET ASSETS		**690,916**	621,262
Equity			
Issued capital		**1,171,921**	1,171,921
Reserves	35(b)	**(481,005)**	(550,659)
TOTAL EQUITY		**690,916**	621,262

Approved by the Board of Directors on 20 September 2019 and are signed on its behalf by:

Lin Chuen Chow, Andy
Director

So Wai Yin
Director

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

34. 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 2019 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 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 and 1 July 2018	5,922	1,264	3,941	(561,786)	(550,659)
Profit and other comprehensive income	–	–	–	69,654	69,654
At 30 June 2019	**5,922**	**1,264**	**3,941**	**(492,132)**	**(481,005)**

35. 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 properties in prior years.

(ii) Non-distributable reserve

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

35. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(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.