

Interim Report

2019/20



金粵控股有限公司

Rich Goldman Holdings Limited

(Incorporated in Hong Kong with limited liability)

stock code: 00070

Rich Goldman Holdings Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors:

Mr. Danny Xuda Huang
(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
Ms. Yeung Hoi Ching

COMPANY SECRETARY

Mr. Kwok Chee Wai

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Danny Xuda Huang (*Chairman*)
(resigned on 24 July 2019)
Mr. Lin Chuen Chow, Andy
(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
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COMPANY WEBSITE

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STOCK CODE

00070

Rich Goldman Holdings Limited

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("the "Board"), I am pleased to present the interim report and unaudited interim financial results of Rich Goldman Holdings Limited ("the Company") and its subsidiaries ("the Group") for the six months ended 31 December 2019 (the "Period").

The continued US-China trade war has dragged down Macau's gaming industry's revenue growth and valuation; coupled with instability of the global stock market, the Macau gaming industry has been adversely affected during the Period. Subsequently, due to the outbreak of the Coronavirus, the government of Macau announced that all casino operators suspended operation for 15 days in February 2020. These result worsening performance of our gaming business during the Period and the remaining junket operator recently decided not to seek an extension of its collaboration contract with the casino operator of Grand Lisboa, which will expire from April 2020. In light of the expiry of the collaboration, we will identify new junket operators for our gaming business.

In light of the social unrest in Hong Kong since June 2019, the hotel industry in Hong Kong has been adversely affected due to the drop in number of tourists coming to Hong Kong, which have adverse impact on the Group's hotel operation business during the Period. We foresee our hotel operation will remain full of uncertainties in year 2020. Since the outbreak of the Coronavirus, number of visitors to Hong Kong has been reduced dramatically. At the date of this report, epidemic slows in China but spreads globally, we hope that the coronavirus outbreak will be ended as soon as possible, and the Hong Kong's hotel industry will commence recovery.

The revenue of the money lending business for the Period was HK\$10.8 million which represents an increase of approximately 10% as compared with approximately HK\$9.8 million for the six months ended 31 December 2018. The Group has both the potential and ability to further expand our money lending business. Despite the economic uncertainty in Hong Kong, we believe that the money lending market in Hong Kong has a good business prospect. It is our Group's intention to keep developing the money lending business. The management will adopt prudent and balanced management strategies and approaches, and review and adjust the Group's money lending business as appropriate.

Rich Goldman Holdings Limited

Looking forward, we are of the view the business environment in which the Group operates will be full of uncertainties and challenging in near term. However, we are confident that our Group will overcome the challenges. With the support of our shareholders, the fund raising by way of open offer completed in January 2020 has provided our Group additional capital to develop the money lending business. It has also provided additional general working capital for the hotel operation business during this difficult time.

On behalf of the Board, I would like to take this opportunity to thank the management team and the staff for their commitment and dedicated efforts, and to thank our shareholders and business associates for their continued strong support for the Group during this period.

Lin Chuen Chow, Andy

Chairman of the Board

Hong Kong, 21 February 2020

Rich Goldman Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's underlying loss attribute to Company's shareholders for the six months ended 31 December 2019 (the "Period") amounted to approximately HK\$3.3 million (2018: profit of approximately HK\$14.4 million); Underlying loss per share was HK0.41 cents as compared with restated earnings per share of HK1.78 cents for the six months ended December 2018 (the "Comparing Period").

BUSINESS OVERVIEW

Due to impact of the China-U.S. trade war on China's economy and the decrease in number of visitors in Macau, the gaming industry and our gaming and entertainment business were adversely affected over the Period. According to figures released by Macau's Gaming Inspection and Coordination Bureau, the gaming revenue decreased by approximately 7% to approximately HK\$142,952 million for the six months ended 31 December 2019 from HK\$152,629 million for the six months ended 31 December 2018. According to Statistics and Census Service of the Government of Macao Special Administrative Region, the number of visitors to Macau was 2,910,118 and 3,083,406 in November 2019 and December 2019 respectively, representing a decrease of approximately 11% and 14% as compared to the corresponding month in 2018 respectively.

The social unrest in Hong Kong since June 2019 has seriously damaged Hong Kong's tourism and hotel industry. According to the statistics of Hong Kong Tourism Board, the overall number of visitors in Hong Kong was decreased by approximately 16% from approximately 65 million in 2018 to approximately 56 million in 2019. As a result, the average hotel occupancy rate in Hong Kong decreased from 91% in 2018 to 79% in 2019.

In light of the above, promotional campaigns have been launched by our hotel in order to boost our room sales. However, revenue from the hotel operation business could not be improved significantly. Hence, our revenue from hotel operation business was significantly decreased.

Rich Goldman Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS OVERVIEW *(continued)*

Against the backdrop of the US-China trade war on China's economy and the social unrest in Hong Kong, revenue from our money lending business shows growth over the Period as compared with the Comparing Period. Performance of our property leasing was also stable with positive result recorded for the Period.

Looking forward, the business environment will continue to be challenging in the second half of the financial year, our Group will remain cautious when conducting and expanding our businesses. The Board will continue to explore other viable investment opportunities to ensure sustainable growth.

GAMING AND ENTERTAINMENT BUSINESS

The revenue from commission on rolling turnover have recorded approximately HK\$18 million for the Period, representing a decrease of approximately 63% as compared to approximately HK\$48 million for the Comparing Period. The decrease was mainly attributable to the decrease in the number of visitors in Macau, as a result of the impact of the China-U.S. trade war on China's economy.

The remaining junket operator is currently operating junket businesses in relation to a total of 8 VIP tables in the casino of Grand Lisboa. At the date of the report, the junket operator confirmed to us that it will not extend its collaboration contract with Grand Lisboa and the contract will expire from April 2020. Hence, the Group will use all reasonable endeavours to identify new junket operators for its gaming business. If the Group is unable to identify new junket operators, the Group will cease to have income stream from its gaming business. For details, please refer to the announcement of the Company dated 2 March 2020.

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MANAGEMENT DISCUSSION AND ANALYSIS *(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 flexible and competitive loan package to enlarge our customer bases during the year. Revenue generated from the money lending business increased by approximately 10.2% from approximately HK\$9.8 million for the Comparing Period to HK\$10.8 million for the Period. 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 Period.

With our strong financial capability and effective management, our Group has both the potential and ability to further expand our money lending business. Despite the economic uncertainty in Hong Kong, the Board consider that the money lending market in Hong Kong has a good business prospect. It is our Group's intention to further develop the money lending business.

HOTEL OPERATION

Our Group recorded revenue of approximately HK\$4.9 million from the hotel operation business, as compared to that of approximately HK\$12.6 million for the Comparing Period. The decrease in revenue of the hotel operation business for the Period was mainly attributable to the continuous social incidents during the Period.

Our Group recorded a loss before taxation from the hotel operation business amounted to approximately HK\$9.8 million for the Period as compared to a profit before taxation of approximately HK\$4.1 million for the Comparing Period. The loss was mainly attributable to the increase in depreciation of approximately HK\$10.1 million following the completion of the acquisition of the remaining 70% interest in the hotel property in April 2019.

The Directors remain cautiously optimistic on the hotel business in Hong Kong in long term. The Group will keep developing the hotel operations business.

Rich Goldman Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY LEASING BUSINESS

The hotel property held by our Group is mainly used for our hotel operations business, 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 revenue from the property leasing business amounted to approximately HK\$1 million for the Period. We have a positive view on the commercial property market in Hong Kong and therefore the potential capital appreciation of the hotel property.

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

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

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 31 December 2019 (2018: HK\$ Nil).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had net current assets of approximately HK\$406.9 million as at 31 December 2019 (30 June 2019: HK\$260.2 million). We have currently no other external funding source, and therefore resulting nil borrowings as at 31 December 2019 (30 June 2019; HK\$ nil million). The total equity of the Group as at 31 December 2019 was HK\$1,150.2 million (30 June 2019: HK\$1,191.8 million). The gearing ratio, calculated on the basis of total debts over total equity attributable to equity shareholders as at 31 December 2019 was nil, (30 June 2019: nil). The total current liabilities of the Group as at 31 December 2019 were HK\$9.9 million (30 June 2019: HK\$11.9 million).

In January 2020, the Company conducted an open offer of ordinary share on the basis of nine open offer shares for every five ordinary shares held by eligible shareholders (the "Open Offer") at a subscription price of HK\$0.12 for each ordinary share. Details of the Open Offer are set out in the Company's prospectus dated 6 January 2020.

PLEDGE OF GROUP'S ASSETS

As at 31 December 2019, the Group's has no pledged leasehold and building (30 June 2019: nil).

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CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout six months ended 31 December 2019.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

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

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

The Audit Committee has reviewed the Group’s interim results for six months ended 31 December 2019 with the management.

Rich Goldman Holdings Limited

CORPORATE GOVERNANCE REPORT *(continued)*

REMUNERATION COMMITTEE

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

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

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

I. Shares

As at 31 December 2019, none of the directors and their associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Future Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

II. Options

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

Share options of the Company

Name of directors	Number of ordinary share options held	Percentage of outstanding options as at 31 December 2019
Mr. Nicholas J. Niglio	4,178,310	50%
Mr. Lin Chuen Chow, Andy	4,178,310	50%

Save as disclosed above, none of the Company's directors and chief executives or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period ended 31 December 2019.

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SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSABLE UNDER THE SFO

At 31 December 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 to be kept by the Company under Section 336 of the SFO, were as follows:

Name of shareholders	Long/short position	Number of ordinary shares held	Percentage of shares held
Miss Lin Yee Man	Long	205,125,000	29.62%
Mr. Wong Yau Shing	Long	108,000,000	15.60%

Save as disclosed above, no person had registered an interest of 5% or more of the share capital of the Company that was required to be recorded under Section 336 of the SFO as at 31 December 2019.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 31 December 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

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

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

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2019

	Notes	For the six months ended 31 December	
		2019	2018
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue	3	35,179	70,628
Cost of services provided		(4,353)	(7,272)
Other income		4,601	3,449
Other gains and losses		(320)	328
Write back of provision for impairment losses on financial assets, net	4	582	2,082
Amortisation of intangible assets	10	(15,857)	(34,050)
Administrative expenses		(19,610)	(5,681)
Profit from operations		222	29,484
Share of profits of an associate		–	832
Profit before taxation	4	222	30,316
Income tax expense	5	(1,451)	(2,236)
(Loss)/Profit and total comprehensive income for the period		(1,229)	28,080

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

For the six months ended 31 December 2019

	Notes	For the six months ended 31 December	
		2019	2018
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
Attributable to:			
– Owners of the Company		(3,309)	14,426
– Non-controlling interests		2,080	13,654
(Loss)/Profit and total comprehensive income for the period		(1,229)	28,080
		HK\$	(Restated) HK\$
(Loss)/Earnings per share attributable to owners of the Company			
Basic	7(a)	(0.41 cent)	1.78 cents
Diluted	7(b)	N/A	N/A

The notes on pages 17 to 36 form part of this interim financial report.

Rich Goldman Holdings Limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

		At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	8	549,652	561,336
Investment properties	9	151,000	151,000
Intangible assets	10	7,929	23,786
Goodwill		2,644	2,644
Deferred tax assets		619	225
Financial assets at fair value through profit or loss	11	31,512	52,671
Loans receivable and interest receivables	13	–	140,000
		743,356	931,662
Current assets			
Trade and other receivables	12	3,908	14,852
Loans receivable and interest receivables	13	288,901	173,012
Bank and cash balances		123,909	84,161
		416,718	272,025
Less: Current liabilities			
Other payables		1,228	4,083
Current tax liabilities		8,638	7,783
		9,866	11,866
Net current assets		406,852	260,159
Total assets less current liabilities		1,150,208	1,191,821
Net assets		1,150,208	1,191,821

Rich Goldman Holdings Limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 31 December 2019

		At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000
	Note		
Capital and reserves			
Share capital	14	1,171,921	1,171,921
Reserves		(42,808)	(39,499)
Equity attributable to owners of the Company		1,129,113	1,132,422
Non-controlling interests		21,095	59,399
Total equity		1,150,208	1,191,821

The notes on pages 17 to 36 form part of this interim financial report.

Rich Goldman Holdings Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019 (Unaudited)

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Property revaluation reserve	Non-distributable reserve	Share option reserve	Other reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2019	1,171,921	5,922	2,264	3,941	(51,221)	(405)	1,132,422	59,399	1,191,821
Loss and total comprehensive income for the period	-	-	-	-	-	(3,309)	(3,309)	2,080	(1,229)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(40,384)	(40,384)
At 31 December 2019	1,171,921	5,922	2,264	3,941	(51,221)	(3,714)	1,129,113	21,095	1,150,208

For the six months ended 31 December 2018 (Unaudited)

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

The notes on pages 17 to 36 form part of this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	For the six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	56,619	34,018
Net cash generated from/(used) in investing activities	23,513	(117,790)
Net cash used in financing activities	(40,384)	—
Net increase/(decrease) in cash and cash equivalents	39,748	(83,772)
Cash and cash equivalents at beginning of the period	84,161	595,633
Cash and cash equivalents at end of the period	123,909	511,861

The notes on pages 17 to 36 form part of this interim financial report.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

1. BASIS OF PREPARATION

The condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The principal accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group’s financial statements for the year ended 30 June 2019 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”) as disclosed in Note 2 to this interim report. The condensed consolidated financial information are unaudited but have been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 30 June 2019 that is included in this interim report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 30 June 2019 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

The accounting policies and methods of computation used in the preparation of the unaudited interim financial information are consistent with those used in the annual financial statements for the period ended 31 December 2019 except for the changes mentioned below.

With effect from 1 January 2019, the Group has adopted the below amendments which are relevant to the Group’s consolidated financial statements:

HKFRS 16	Leases
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HK(IFRIC) 23	Uncertainty over income tax treatments
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The Group has assessed the impact of the adoption of the above new standards amendments to HKFRSs and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

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

HKFRS 16, Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases-Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. None of the developments have had a material impact on how the Company's results and financial position for the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2019

3. REVENUE AND SEGMENT REPORTING

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

The Group's operating divisions are as follows:

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

(a) Segment revenue and results

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

	Gaming and Entertainment Business HK\$'000	Money Lending Business HK\$'000	Hotel Operations HK\$'000	Property Leasing HK\$'000	Total HK\$'000
For the six months ended 31 December 2019:					
REVENUE	18,491	10,782	4,928	978	35,179
SEGMENT RESULTS	2,602	10,864	(9,844)	595	4,217
Unallocated other income					4,562
Unallocated other gains and losses					(320)
Unallocated expenses					(8,237)
Profit before taxation					222

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

3. REVENUE AND SEGMENT REPORTING *(continued)*

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

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

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2019

3. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment assets and liabilities

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

	Gaming and Entertainment Business HK\$'000	Money Lending Business HK\$'000	Hotel Operation HK\$'000	Property Leasing HK\$'000	Total HK\$'000
As at 31 December 2019					
ASSETS					
Segment assets	26,435	356,052	493,590	154,761	1,030,838
Unallocated corporate assets					129,236
Consolidated total assets					1,160,074
LIABILITIES					
Segment liabilities	(111)	(6,815)	(1,979)	(696)	(9,601)
Unallocated corporate liabilities					(265)
Consolidated total liabilities					(9,866)

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2019

3. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment assets and liabilities (continued)

	Gaming and Entertainment Business HK\$'000	Money Lending Business HK\$'000	Hotel Operation HK\$'000	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)

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

Unallocated corporate liabilities mainly represent other payables.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2019

4. PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging/(crediting):		
Amortisation of intangible assets	15,857	34,050
Depreciation	11,719	1,612
Decrease/(increase) in fair value of financial assets at fair value through profit or loss	90	(330)
Loss on disposal of financial assets	230	—
Loss on disposals of property, plant and equipment	—	2
Operating lease charges	—	2,292
Write-back of provision for impairment losses on financial assets, net	(582)	(2,082)

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

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%.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

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

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

	For the six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	1,876	2,364
Over-provision in prior years	(30)	–
Deferred tax	(395)	(128)
	1,451	2,236

6. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend in respect of the six months ended 31 December 2019 and 2018.

7. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss (2018: profit) attributable to owners of the Company of approximately HK\$3,309,000 (2018: profit of approximately HK\$14,426,000) and the weighted average number of ordinary shares of the Company of 810,020,261 (2018: restated 810,020,261) in issue during the period after adjusting the effect of the open offer in January 2020. The basic earnings per share for 2018 had been adjusted and restated accordingly.

(b) Diluted earnings per share

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the six months ended 31 December 2019 and 2018.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2019, the Group acquired property, plant and equipment of approximately HK\$26,000 (2018: HK\$1,322,000).

During the six months ended 31 December 2019, the Group disposed property, plant and equipment at cost of approximately HK\$Nil (2018: HK\$4,000) and recognised a loss on disposal of HK\$Nil during the six months ended 31 December 2019 (2018: HK\$2,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

9. INVESTMENT PROPERTIES

	HK\$'000
Fair value	
At 1 July 2017, 30 June 2018 and 1 July 2018	—
Arising from acquisition of a subsidiary	150,600
Increase in fair value	400
At 30 June 2019, 1 July 2019 and 31 December 2019	151,000

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2019

10. INTANGIBLE ASSETS

	Gaming and Entertainment Business				Hotel Operation	Total HK\$'000
	Hou Wan Profit Agreement HK\$'000	Neptune Ouro Profit Agreement HK\$'000	Hao Cai Profit Agreement HK\$'000	Hoi Long Profit Agreement HK\$'000	Lease benefit HK\$'000	
At 1 July 2018	567,793	405,000	1,215,000	562,000	8,500	2,758,293
Derecognition arising from acquisition of a subsidiary	-	-	-	-	(8,500)	(8,500)
30 June 2019, 1 July 2019 and 31 December 2019	567,793	405,000	1,215,000	562,000	-	2,749,793
ACCUMULATED AMORTISATION AND IMPAIRMENT:						
At 1 July 2018	567,793	405,000	1,215,000	523,267	1,700	2,712,760
Provided during the year	-	-	-	51,947	1,346	53,293
Derecognition arising from acquisition of a subsidiary	-	-	-	-	(3,046)	(3,046)
Reversal of impairment loss	-	-	-	(37,000)	-	(37,000)
At 30 June 2019 and 1 July 2019	567,793	405,000	1,215,000	538,214	-	2,726,007
Provided during the period	-	-	-	15,857	-	15,857
At 31 December 2019	567,793	405,000	1,215,000	554,071	-	2,741,864
CARRYING AMOUNT:						
At 31 December 2019	-	-	-	7,929	-	7,929
At 30 June 2019	-	-	-	23,786	-	23,786

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

10. INTANGIBLE ASSETS *(continued)*

Gaming and Entertainment Business

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.

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.

Amortisation charge of approximately HK\$15,857,000 in respect of the above was charged during the six months ended 31 December 2019.

During the six months ended 31 December 2019, no impairment loss (2018: nil) was recognised.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2019

10. INTANGIBLE ASSETS (continued)

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%.

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.

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000
Financial assets at fair value through profit or loss		
– Unlisted fund investment	31,512	52,671
	31,512	52,671

At 13 December 2019, the Group disposal 2,000 units unlisted fund investments for aggregate consideration of HK\$20,838,356.

As at 31 December 2019, carrying amount at unlisted fund investment of HK\$31,512,329 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.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000
Trade debtors of gaming and entertainment business		
– Entity owned by shareholders of non-controlling interests of subsidiaries	9,940	20,172
	9,940	20,172
Trade debtors of hotel operations business	164	260
Trade debtors of property leasing business	135	–
Deposits, prepayment and other receivables	1,321	2,074
	11,560	22,506
Impairment losses on trade and other receivables	(7,652)	(7,654)
	3,908	14,852

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

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

12. TRADE AND OTHER RECEIVABLES *(continued)*

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

	At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000
0 – 90 days	2,587	5,797
Over 365 days	–	6,981
	2,587	12,778

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

	At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000
At beginning of the period/year	7,654	59,007
Impact of adoption of HKFRS 9	–	6
At 1 July	7,654	59,013
Charged for the period/year	–	4
Reversed during the period/year	(2)	(2,007)
Written off during the period/year	–	(49,356)
At end of the period/year	7,652	7,654

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

13. LOANS RECEIVABLE AND INTEREST RECEIVABLES

	At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000
Loans receivable	288,643	313,143
Less: Provision for impairment assessment of loans receivable	(190)	(768)
Loans receivable, net of provision	288,453	312,375
Interest receivables	449	643
Less: Provision for impairment assessment of interest receivables	(1)	(6)
Interest receivables, net of provision	448	637
	288,901	313,012

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

13. LOANS RECEIVABLE AND INTEREST RECEIVABLES *(continued)*

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

	At 31 December 2019 (Unaudited) HK\$'000	At 30 June 2019 (Audited) HK\$'000
Neither past due nor impaired		
– Secured	282,380	304,096
– Unsecured	6,521	8,916
	288,901	313,012
Analysed as:		
– Current assets	288,901	173,012
– Non-current assets	–	140,000
	288,901	313,012

As at 31 December 2019, the secured loans were secured by the borrowers' personal guarantee, and/or properties and assets held. The fair value/net assets value of collaterals, as assessed by the management, at loans' inception date is not less than the principal amount of the relevant loans.

In general, loans receivable and interest receivables are considered as default with the loans receivable and interest receivables are overdue by 60 days. At 31 December 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.

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2019

13. LOANS RECEIVABLE AND INTEREST RECEIVABLES (continued)

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.

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

Year ended 30 June 2019			
Stage 1 – 12-month ECL			
	Loans receivable	Interest receivables	Total
	HK\$'000	HK\$'000	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

Period ended 31 December 2019			
Stage 1 – 12-month ECL			
	Loans receivable	Interest receivables	Total
	HK\$'000	HK\$'000	HK\$'000
As at 1 July 2019	768	6	774
New loans generated	186	1	187
Loans repaid during the period	(760)	(6)	(766)
Reversed during the period	(4)	–	(4)
As at 31 December 2019	190	1	191

Rich Goldman Holdings Limited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2019

14. SHARE CAPITAL

	At 31 December 2019 (Unaudited)		At 30 June 2019 (Audited)	
	No. of shares (‘000)	Amount HK\$‘000	No. of shares (‘000)	Amount HK\$‘000
Ordinary shares, issued and fully paid:				
At beginning and end of the period	692,437	1,171,921	692,437	1,171,921

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

15. MATERIAL RELATED PARTY TRANSACTIONS

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

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

	For the six months ended 31 December	
	2019 (Unaudited) HK\$‘000	2018 (Unaudited) HK\$‘000
Salaries and other short-term benefits	1,306	1,298
Post-employment benefits	20	26
	1,326	1,324

- (b) Rental expenses of HK\$Nil (2018: HK\$2,278,000) were paid to an associate of the Group.

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

Financial assets	Fair value at		Fair value hierarchy	Valuation Techniques and key inputs
	31 December 2019 (Unaudited) HK\$'000	30 June 2019 (Audited) HK\$'000		
Financial asset at fair value through profit or loss – Unlisted fund investment	31,512	52,671	Level 3	Based on the net asset values of the fund determined with reference to observable quoted prices in an active market of the underlying investment portfolio
Investment properties	151,000	151,000	Level 3	Comparison approach

Rich Goldman Holdings Limited

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

For the six months ended 31 December 2019

17. SUBSEQUENT EVENTS

In January 2020, the Company conducted an open offer of ordinary share on the basis of nine open offer shares for every five ordinary shares held by eligible shareholders (the “Open Offer”) at a subscription price of HK\$0.12 for each ordinary share. Details of the Open Offer are set out in the Company’s prospectus dated 6 January 2020.

As disclosed in the announcement of the Company dated 2 March 2020, the remaining junket operator is currently operating junket businesses in relation to a total of 8 VIP tables in the casino of Grand Lisboa will not extend its collaboration contract with Grand Lisboa and the contract will expire from April 2020.