金粵控股有限公司

Rich Goldman Holdings Limited

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

ANNUAL REPORT 2020

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Danny Xuda Huang *(Chairman)*
(resigned on 24 July 2019)
Mr. Lin Chuen Chow Andy *(Chairman)*
(appointed as Chairman on 24 July 2019)
Ms. So Wai Yin (resigned on 20 October 2020)

Non-executive Director

Mr. Nicholas J. Niglio

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Cheung Yiu Chung (resigned on 22 October 2019)
Mr. Kwok Chee Wai (appointed on 22 October 2019 and resigned on 30 March 2020)
Mr. Leung Chi Nga (appointed on 30 March 2020 and resigned on 8 May 2020)
Ms. So Hei Lu (appointed on 15 June 2020)

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 *(Chairman)*
(appointed on 24 July 2019)
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing

AUTHORISED REPRESENTATIVE

Mr. Lin Chuen Chow Andy
Mr. Cheung Yiu Chung (resigned on 22 October 2019)
Mr. Kwok Chee Wai (appointed on 22 October 2019 and resigned on 30 March 2020)
Mr. Leung Chi Nga (appointed on 30 March 2020 and resigned on 8 May 2020)
Ms. So Wai Yin (appointed on 8 May 2020 and resigned on 20 October 2020)
Ms. So Hei Lu (appointed on 20 October 2020)

REGISTERED OFFICE

Room 1807, 18/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

COMPANY WEBSITE

www.richgoldman.com.hk

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

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

E-MAIL

enquiry@richgoldman.com.hk

STOCK CODE

00070

BOARD LOT

10,000 Shares

Group Financial Summary

RESULTS

	Year ended 30 June				
	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	**2020** **HK$'000**
Revenue	278,651	296,797	130,484	119,807	**53,925**
(Loss)/profit attributable to owners of the Company	(202,108)	(10,153)	39,009	42,579	**(85,705)**
				(Restated)	
(Loss)/earnings per share (HK$)					
– Basic	(0.43)	(0.01)	0.06	0.05	**(0.07)**
– Diluted	(0.43)	N/A	N/A	N/A	**N/A**

ASSETS AND LIABILITIES

	At 30 June				
	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	**2020** **HK$'000**
Property, plant and equipment	403	70,573	68,023	561,336	**473,049**
Investment properties	60,000	–	–	151,000	**138,000**
Investment in an associate	73,100	81,116	88,671	–	**–**
Intangible assets	571,285	73,838	45,533	23,786	**–**
Goodwill	–	2,644	2,644	2,644	**–**
Financial assets at fair value through profit or loss	–	–	–	52,671	**31,492**
Loans receivable	–	–	124,000	140,000	**1,356**
Other non-current assets	–	426	–	225	**1,439**
Net current assets	746,864	1,156,419	898,168	260,159	**570,738**
Non-current liabilities	–	(1,403)	(1,122)	–	**–**
Total assets less total liabilities	1,451,652	1,383,613	1,225,917	1,191,821	**1,216,074**
Net assets	1,451,652	1,383,613	1,225,917	1,191,821	**1,216,074**
Share capital and other statutory capital reserve	1,171,921	1,171,921	1,171,921	1,171,921	**1,317,736**
Reserves	(109,802)	(119,955)	(80,947)	(39,499)	**(125,204)**
Equity attributable to owners of the Company	1,062,119	1,051,966	1,090,974	1,132,422	**1,192,532**
Non-controlling interests	389,533	331,647	134,943	59,399	**23,542**
Total equity	1,451,652	1,383,613	1,225,917	1,191,821	**1,216,074**

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Director(s)") of Rich Goldman Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the Group's annual report and financial results for the year ended 30 June 2020.

BUSINESS REVIEW

It has been an extremely challenging year for the Group. The hotel operations and gaming segments of the Group have suffered critical hit from a series of combined adverse factors, including the prolonged Sino-US conflict, the social unrest in Hong Kong since June 2019 and the global pandemic of the Coronavirus. As a result, our Group's revenue declined by 55.0% to HK$53.9 million for the reporting year. In particular, the revenue from the hotel operations and gaming and entertainment segments declined by 74.7% and 70.5%, respectively. Owing to the increase in revenue from the money lending and property leasing segments, the overall revenue decline was moderated. Those unfavorable factors have also led to a significant impairment loss of HK$65.0 million on the Group's hotel property and a fair value loss of HK$13.0 million on the investment properties. Consequently, the Group incurred a loss of HK$81.2 million for the reporting year.

STRATEGY

It is crucial for the Group to uphold its diversification strategy. The Group heavily relied on the gaming and entertainment business in Macau few years ago and gradually diversified into different segments including hotel operations, money lending and property leasing. With multi revenue streams from four segments, we are able to cope with the current difficulties in the hotel and gaming industries. We are planning to further expand our money lending business from traditional mortgage loan to personal loan and merchant/consumer financing. The introduction of Fin Tech facilitates us to provide variety of loan packages with simplicity and flexibility. Furthermore, as previously disclosed we intend to acquire a commercial property in Shanghai which will generate stable and considerable rental income to further broaden our source of revenue.

It is expected that the pandemic will continue to adversely affect the hotel and gaming industries for FY2021. In order to mitigate the impact, we are actively exploring alternative income and have adopted a series of cost controlling measures on our hotel operations. As stated in our previous announcements, we are also exploring possibilities to shift our gaming business to the Philippines by entering into a joint venture agreement with certain business partners after the expiration of the junket representative agreement between the junket operator and the casino operator in Macau.

PROSPECT

Although we are facing unprecedented challenges and uncertainties ahead, we remain cautiously optimistic towards our business development in medium and long run. We expect that our hotel operations business will gradually recover with the same pace of Hong Kong's tourism when border control and quarantine measures start to loosen. Our gaming related business depends on the progress of business setup in the Philippines and the control of Coronavirus in the region. Our money lending business is expected to grow further with increased loan products and integration of Fin Tech elements. Lastly, our property leasing business will be considerably enhanced providing that the potential acquisition of property in Shanghai materialises.

In short, leveraged on the diversification strategy and solid financial foundation, the Group will overcome the existing plight and achieve sustainable growth.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere gratitude to our shareholders, business partners and customers for their continuous support to our Group, as well as my appreciation to all staff members for their diligence and dedication throughout the years.

Lin Chuen Chow Andy
Chairman of the Board
Hong Kong, 30 September 2020

Management Discussion and Analysis

BUSINESS OVERVIEW

The Group has gone through a challenging year amid the worsening business environment as a result of several adverse factors, including:

(i) The social unrest in Hong Kong since June 2019 has caused considerable reduction of tourists and hence the overall hotel occupancy rate in the city dropped significantly;

(ii) The global outbreak of Coronavirus and the strict social distancing measures imposed by the government since the first quarter of 2020 has frozen the industries of tourism, hospitality and entertainment; and

(iii) The prolonged conflict between China and the United States and the continued slowing down of Chinese economic growth have undermined local and Chinese consumers' spending sentiment.

Furthermore, the Group's gaming and entertainment business was in a transitional period from Macau to the Philippines this year. The cessation of business in Macau and the delay of commencement of new business have caused significant reduction of revenue from this segment during the financial years of 2019/2020 and 2020/2021.

As a result of above factors, the Group recorded significant decline in the gaming and entertaining business and hotel operations business and the impairment loss on its hotel property as well.

However, leveraged on the diversification strategy and solid financial foundation, the Group's money lending business outperformed other segments and recorded increases in both gross loan principal and interest income as compared to last year. Property leasing also made stable contribution to the Group's revenue during the year.

Amid the great uncertainty over the pandemic and recovery of economy, the Group will continue to focus on its established diversification strategy: (i) expedite the gaming business setup in the Philippines; (ii) further expand existing money lending business by incorporation of fintech elements into the traditional business model; (iii) actively explore the market opportunities to strengthen our property leasing business; and (iv) broaden the business scope of our hotel operations to property management. The Directors are confident that the Group will soonest get through the plight with its strategy and achieve sustainable growth in long run.

Management Discussion and Analysis

FINANCIAL REVIEW

The Group is principally engaged in (i) gaming and entertainment business; (ii) money lending business; (iii) hotel operations business; and (iv) property leasing business.

The Board announced that the net loss of the Group for the year ended 30 June 2020 amounted to approximately HK$81.2 million (2019: net profit of approximately HK$91.6 million) and the net loss for the year attributable to owners of the Company amounted to approximately HK$85.7 million (2019: net profit of approximately HK$42.6 million).

Gaming and Entertainment Business

The Group's revenue generated from commission on rolling turnover of gaming and entertainment business decreased by approximately 70.6% from approximately HK$74.1 million for the year ended 30 June 2019 to approximately HK$21.8 million for the year ended 30 June 2020. The decrease was mainly attributable to decrease in the number of visitors in Macau, the slowing down of China's economy, and the expiration of the junket representative agreement between the junket operator and the casino operator in Macau in March 2020.

The Group has been actively exploring possibilities to expand its gaming business and identifying new junket operators for its gaming business. On 27 April 2020, the Group entered into a conditional joint venture agreement with independent third party to explore the junket business in the Philippines. However, the progress of business setup was delayed by the outbreak of COVID-19 and lockdown measures in the Philippines. As at the date of this report, the Group is in the process of finalising the business setup. Further announcement will be made when all the conditions precedent under the joint venture agreement have been fulfilled.

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 packages to enlarge our customer bases during the year. As a result, the total gross loan principal lent to our customers as at 30 June 2020 amounted to approximately HK$420.0 million, representing an increase of approximately HK$106.9 million as compared to that of approximately HK$313.1 million as at 30 June 2019. The interest revenue generated for the year ended 30 June 2020 amounted to approximately HK$23.9 million, representing an increase of approximately HK$3.3 million as compared to that of approximately HK$20.6 million generated for the year ended 30 June 2019. The consistently strong financial performance since established in 2017 represents the great achievement and reflects the effectiveness of our internal control system executed to monitor the business operation and compliance. A comprehensive risk assessment is 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 principals and interest revenue were collected in accordance with their corresponding repayment schedules during the year ended 30 June 2020.

With our strong financial capability and effective management, our Group has both the potential and ability to further expand our money lending business and broaden our customer base. Despite the economic uncertainty in Hong Kong, the Board considers that the money lending market in Hong Kong has good business prospect.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

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 huge drop in the number of visitors resulting from political upheaval in Hong Kong in the second half of year 2019 and the outbreak of the Coronavirus in 2020, the occupancy rate of the hotel has been continuously decreasing.

The Group recorded a loss before taxation from the hotel operations business amounted to approximately HK$88.9 million for the year ended 30 June 2020, representing a deterioration when compared to a profit before taxation for the year ended 30 June 2019 of approximately HK$3.7 million, which was mainly attributable to the impairment loss on property, plant and equipment of approximately HK$65.0 million due to the declined valuation of the hotel property and the increase in depreciation expenses of approximately HK$15.9 million following the completion of the acquisition of the remaining 70% of equity interest in the hotel property in April 2019.

The Directors consider that the loss from hotel operations was due to one-off social event and the pandemic of Coronavirus and remain cautiously optimistic on the hotel business in Hong Kong in long term.

Property Leasing Business

Upon completion of the acquisition of the remaining 70% of equity interest in Ever Praise Enterprises Limited in April 2019, 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 loss before taxation from the property leasing business amounted to approximately HK$11.8 million for the year ended 30 June 2020, which was primarily due to the fair value loss on investment properties of approximately HK$13.0 million as compared to profit before taxation for the year ended 30 June 2019 of 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.

The net loss attributable to owners of the Company for the year ended 30 June 2020 was approximately HK$85.7 million (loss per share of approximately HK$0.07), as compared to the net profit attributable to owners of the Company for the year ended 30 June 2019 of approximately HK$42.6 million (earnings per share of approximately HK$0.05 (restated)).

Our loss for the year for the year ended 30 June 2020 amounted to approximately HK$81.2 million as compared to our profit for the year of approximately HK$91.6 million for the year ended 30 June 2019.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

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

(i) The Group recorded a decrease in revenue contributed by the gaming and entertainment business of approximately HK$52.3 million, from approximately HK$74.1 million for the year ended 30 June 2019 to approximately HK$21.8 million for the year ended 30 June 2020. It was primarily due to the cessation of cooperation with the Group's remaining junket operator since April 2020;

(ii) The Group's revenue generated from the hotel operations business of approximately HK$6.3 million for the year ended 30 June 2020, decreased by approximately HK$18.5 million from approximately HK$24.8 million for the year ended 30 June 2019, resulting from the drop in number of tourists visiting Hong Kong caused by the continuous social incidents in the second half of year 2019 and the travel restrictions in place to curb the spread of Coronavirus in the first half of year 2020;

(iii) The Group incurred administrative expenses of approximately HK$34.8 million for the year ended 30 June 2020 as compared to that of approximately HK$17.8 million for the year ended 30 June 2019. The increase was primarily due to the full year non-cash depreciation expenses for the Group's hotel operations business following the completion of the acquisition of the remaining 70% of equity interest in the Group's hotel property in April 2019;

(iv) The Group recorded a non-cash fair value loss on investment properties of approximately HK$13.0 million for the year ended 30 June 2020, as compared to the fair value gain on investment properties of approximately HK$0.4 million for the year ended 30 June 2019; and

(v) The Group recorded an impairment loss on the properties held by it, which are classified as property, plant and equipment, in an amount of approximately HK$65.0 million for the year ended 30 June 2020. Such impairment loss is a non-cash item and will not have any material impact on the Group's cash flows.

The abovementioned negative effects were partly offset by the increase in revenue generated from the Group's money lending business by approximately HK$3.3 million, from approximately HK$20.6 million for the year ended 30 June 2019 to approximately HK$23.9 million for the year ended 30 June 2020, primarily due to the numerous loans and mortgages granted to borrowers during the year ended 30 June 2020 leading to the increase of interest revenue generated from the business.

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 Hong Kong dollars of 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 monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the needs arise.

Management Discussion and Analysis

CAPITAL STRUCTURE

As at 30 June 2020, the total number of issued shares of the Company was approximately 1,938,823,000. On 29 January 2020, the Company completed an open offer on the basis of nine open offer shares for every five existing shares at HK$0.12 per open offer share (the “Open Offer”). The net proceeds from the Open Offer after deducting related expenses were approximately HK$145.8 million and were entirely utilised to expand the Group’s money lending business.

For details, please refer to the Company’s announcements dated 18 October 2019, 29 November 2019, 2 December 2019, 19 December 2019, 21 January 2020, 29 January 2020 and 25 February 2020; circular dated 2 December 2019 and prospectus dated 6 January 2020.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had net current assets of approximately HK$570.7 million as at 30 June 2020 (as at 30 June 2019: approximately HK$260.2 million). The total cash and bank balances was approximately HK$160.0 million as at 30 June 2020 as compared to that of approximately HK$84.2 million as at 30 June 2019. We have currently no other external funding source, and therefore resulting no borrowings as at 30 June 2020 (as at 30 June 2019: nil).

The total equity attributable to owners of the Company as at 30 June 2020 amounted to approximately HK$1,192.5 million (as at 30 June 2019: approximately HK$1,132.4 million).

As at 30 June 2020, the total liabilities amounted to approximately HK$9.2 million (as at 30 June 2019: approximately HK$11.9 million), comprising current tax liabilities of approximately HK$5.9 million and other payables of approximately HK$3.3 million. The gearing ratio, calculated on the basis of total debts over total equity attributable to owners of the Company as at 30 June 2020, was nil (as at 30 June 2019: nil).

PLEDGE OF ASSETS

As at 30 June 2020, none of the Group’s leasehold land and buildings has been pledged as collateral (as at 30 June 2019: nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

On 27 April 2020, Prime Jade Enterprises Limited (“Prime Jade”), a wholly-owned subsidiary of the Company, and Great Happy Century Limited (“Great Happy”) entered into a conditional joint venture agreement, pursuant to which Prime Jade and Great Happy have agreed to establish a company, which would be held as to 51% by Prime Jade and 49% by Great Happy, respectively, to conduct junket business in the Philippines. For details, please refer to the Company’s announcements dated 27 April 2020 and 21 July 2020.

Management Discussion and Analysis

IMPORTANT EVENTS AFTER THE END OF THE YEAR

Provision of loans

On 9 July 2020, Top Vast Finance Limited ("Top Vast"), an indirect wholly-owned subsidiary of the Company, and an independent third party entered into a loan agreement, pursuant to which Top Vast agreed to grant the loan in the amount of HK$11,800,000, at an interest rate of 13% per annum for a term of 12 months, secured by a first legal charge in respect of a commercial property located in Hong Kong with a valuation of HK$17,000,000 as at 9 July 2020 conducted by an independent property valuer engaged by the Company. For details, please refer to the Company's announcement dated 9 July 2020.

On 8 September 2020, Top Vast and an independent third party entered into a loan agreement, pursuant to which Top Vast agreed to grant the loan in the amount of HK$35,000,000, at an interest rate of 24% per annum for a term of 1 year, secured by a first legal charge in respect of a residential property located in Macau with a valuation of HK$53,398,000 as at 4 September 2020 conducted by an independent property valuer engaged by the Company. For details, please refer to the Company's announcement dated 8 September 2020.

Memorandum of understanding in relation to a proposed acquisition

On 22 September 2020, the Company entered into a non-legally binding memorandum of understanding (the "MOU") with, among others, Power Able International Holdings Ltd. and Original Praise Investment Development Ltd. as potential vendors (the "Potential Vendors"). Pursuant to the MOU, the Company intends to nominate one of its wholly-owned subsidiaries to be the potential purchaser to acquire, and the Potential Vendors intend to dispose of, not less than 51% of the total number of issued shares of Fast Advance Resources Ltd. ("Fast Advance").

As at the date of the MOU, the Potential Vendors together hold the entire issued share capital of Fast Advance. Fast Advance is a company incorporated in the British Virgin Islands and indirectly holds the entire issued share capital of Shanghai Jiasong Property Company Limited* (上海佳頌物業有限公司) ("Shanghai Jiasong"), a company established in the People's Republic of China (the "PRC"). Shanghai Jiasong is the owner of the relevant land use rights and building ownership relating to the properties which are situated at the north side of Jinyan Road, Pudong New District, Shanghai, the PRC and have been called as Shanghai Zhang Jiabang Yifei Creativity Street* (上海張家浜逸飛創意街) or Shanghai Jin Xiu Fun* (上海錦繡坊).

For details, please refer to the Company's announcement dated 22 September 2020.

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 vigorously contested 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. Such provision was carried forward till 30 June 2019. During the year ended 30 June 2020, The Center (49) Limited discontinued its claim against the Company and the provision for legal claim has been reversed. The Company did not have any material contingent liabilities as at 30 June 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the total number of employees of the Group was 29. 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 mandatory provident funds, medical, insurance coverage, share option scheme and retirement scheme.

* *For identification purposes only*

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Lin Chuen Chow Andy, aged 45, was appointed as an executive Director and the chairman of the Board of the Group on 30 November 2012 and 24 July 2019, respectively. Mr. Lin obtained a Bachelor Degree of Arts (Hons) Business Management Degree from the University of Wales. He is currently an affiliate member of Hong Kong Securities and Investment Institute. He has also passed the Estate Agents Qualifying Examination of the Estate Agents Authority and has obtained an Estate Agent's License (Individual). He is currently the chief executive 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 of more than 13 years.

NON-EXECUTIVE DIRECTOR

Mr. Nicholas J. Niglio, aged 73, was appointed as an executive Director on 3 September 2007 and re-designated 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 has 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.

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.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Yat Hung, Alton, aged 57, was appointed as an independent non-executive Director and a member of the audit committee of the Company on 5 June 2007. He has over 12 years of 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, private companies which are 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 52, 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 of experience in accounting and finance. He has worked for a multinational company, a Hong Kong listed company and an international accounting firm.

Ms. Yeung Hoi Ching, aged 38, 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. Ms. 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, Ms. Yeung joined and worked for another finance company as an operation manager. She has over 5 years of experience in finance and its related business.

SENIOR MANAGEMENT

Ms. So Hei Lu joined the Company as Financial Controller on 14 May 2020 and was appointed as the company secretary of the Company with effect from 15 June 2020. She holds a bachelor's degree of business administration in accounting awarded by the City University of Hong Kong. She is also a member of Hong Kong Institute of Certified Public Accountants. Ms. So has over 6 years of experience in auditing and accounting. Prior to joining the Group, she worked at an international accounting firm in Hong Kong.

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 our Board to approve strategic direction, monitor 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 "Corporate Governance 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 2020.

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 2020 and up 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 Committees during the year ended 30 June 2020.

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

	Details of Change
Executive Directors	
Mr. Danny Xuda Huang *(Chairman)*	Resigned on 24 July 2019
Mr. Lin Chuen Chow Andy *(Chairman)*	Appointed as Chairman on 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	
Ms. Yeung Hoi Ching	

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

Director	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Lin Chuen Chow Andy	–	–	Chairman
Mr. Nicholas J. Niglio	–	Member	–
Mr. Cheung Yat Hung, Alton	Chairman	Chairman	Member
Mr. Yue Fu Wing	Member	Member	Member
Ms. 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 one executive Director, 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 "Biographical Details of Directors and Senior Management" section of this annual report.

Roles of Chairman and Chief Executive

The Code A.2.1 of the Corporate Governance Practices 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 established. During the year ended 30 June 2020, 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 arrangement enhances the leadership for managing the group and will enable greater effectiveness and efficiency in formulating business plans and strategies for 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 independent non-executive Directors.

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.

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.

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 nomination committee on the selected candidates will be communicated to the Board for its consideration and approval. The Nomination Policy also includes the Board succession planning policy outlining the process that the Board needs 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.

BOARD AND BOARD COMMITTEES COMPOSITION (Continued)

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 guidelines 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 recognises 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.

13 Board meetings, 1 annual general meeting and 1 extraordinary general meeting were held during the financial year ended 30 June 2020. Independent non-executive Directors and non-executive Director 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**	**Extraordinary General Meeting**
Executive Directors			
Mr. Danny Xuda Huang (resigned on 24 July 2019)	N/A	N/A	N/A
Mr. Lin Chuen Chow Andy	13/13	1/1	1/1
Ms. So Wai Yin (resigned on 20 October 2020)	13/13	1/1	1/1
Non-executive Director			
Mr. Nicholas J. Niglio	13/13	0/1	0/1
Independent Non-executive Directors			
Mr. Cheung Yat Hung, Alton	13/13	1/1	1/1
Mr. Yue Fu Wing	13/13	0/1	1/1
Ms. Yeung Hoi Ching	13/13	1/1	0/1

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.

Audit Committee

The audit committee comprises three independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Ms. 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 in compliance with the Corporate Governance Code 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 2020 has been reviewed by audit committee and audited by the external 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 2020 and was of the opinion that the preparation of such annual 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. The audit committee is mainly responsible for the appointment, reappointment and removal of external auditor, as well as review of the interim and annual results of the Group.

2 audit committee meetings were held during the financial year ended 30 June 2020. 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
Ms. 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 2019 and unaudited condensed financial statements for the six months ended 31 December 2019;

– review of the Group's financial reporting process, the internal control and risk management framework;

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

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

BOARD COMMITTEES (Continued)

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 Directors or senior management will determine his own remuneration.

2 remuneration committee meetings was held during the financial year ended 30 June 2020. Attendance of the members is set out below:

	Attendance of remuneration committee meetings
Members	
Mr. Cheung Yat Hung, Alton *(Chairman)*	2/2
Mr. Yue Fu Wing	2/2
Mr. Nicholas J. Niglio	2/2

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

– determining the remuneration 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.

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.

2 nomination committee meetings was held during the financial year ended 30 June 2020.

	Attendance of nomination committee meeting
Members	
Mr. Danny Xuda Huang *(Chairman)* (resigned on 24 July 2019)	N/A
Mr. Lin Chuen Chow Andy *(Chairman)* (appointed on 24 July 2019)	2/2
Mr. Cheung Yat Hung, Alton	2/2
Mr. Yue Fu Wing	2/2

BOARD COMMITTEES (Continued)

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

– assessing 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 external auditor about their reporting responsibilities is set out on pages 49 to 50 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 Ms. So Hei Lu for the year ended 30 June 2020 is in the range of Nil to HK$1,000,000.

Further particulars in relation to Directors' emoluments and the five highest paid employees during the financial year as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 12 and 13 to the consolidated financial statements.

AUDITOR'S REMUNERATION

During the year ended 30 June 2020, the remuneration paid and payable to the external auditor of the Company, RSM Hong Kong, is set out below:

Services rendered	**Fees paid/payable** HK$'000
Statutory audit services	850
Non-audit services	450
Total auditor's remuneration for the year	**1,300**

INTERNAL CONTROL

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislations 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 at least once 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 function. The functions of the internal audit team are 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 its responsibility to ensure that the Company establishes 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 affected 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 2019 to 30 June 2020, all Directors have participated in appropriate continuous professional development activities by ways of attending trainings or reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

Corporate Governance and Other Information

SHAREHOLDERS' RIGHTS

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 reason(s) of convening the meeting and the details of the business(es) proposed to be transacted in 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 on 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.

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.

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.

Corporate Governance and Other Information

Proposing a Person for Election as Director

According to the Articles of the Association, no person other than a retiring Director shall, unless recommended 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 13.51(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 days 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 (Note) of the proposal.)

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

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognises 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, announcements, circulars, interim and annual reports. The Company's share registrar serves the shareholders regarding all share registration matters. The Company's annual general meeting provides an important channel 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 external auditor to attend the forthcoming annual general meeting to answer the shareholders' questions about the conduct of the audit, the preparation and content of the auditors' report, accounting policies and auditor's 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

Enquiries from investors are replied with in an informative and timely manner. To enhance effective communication, the Company maintains its corporate website at http://www.richgoldman.com.hk where extensive information is posted.

Environmental, Social and Governance Report

ABOUT THE REPORT

The Group reaffirms its commitment to sustainability with the publication of its 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 (the "Stock Exchange").

Reporting Scope and Period

This report discloses the policies, management approach and performance on environmental and social aspects of the Group's gaming and entertainment business, hotel operations business, money lending business and property leasing business from 1 July 2019 to 30 June 2020 ("Reporting Period").

ESG MANAGEMENT APPROACH

The Group is principally engaged in investment holding, with hotel operations business, money lending business and property leasing business in Hong Kong and gaming and entertainment 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 environmental impacts caused by office-based work is insignificant, we proactively raise the environmental awareness of our employees and manage our business operations at all levels in an environmental-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, which has 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 group enhances the communication with Stakeholders by regularly updating the Company's website, gauging feedback from frontline employees, conducting staff meeting, establishing complaints system and 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 property leasing business during the year, accounts for more than 10% of the Group's total turnover, and the operation of property leasing business was conducted in the same property with our hotel operations, this ESG report would primarily disclose the identified ESG aspects relating to all of the Group's existing business segments, including gaming and entertainment business in Macau, hotel operations business, 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 regarding 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's 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 to charity organisations
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, interim reports and announcements • Annual general meetings and other shareholders' meetings • 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 feedback from our customers. We ensure that all the information disclosed in the process of hotel bookings by agencies is up-to-date and accurate by monitoring frequently.

The Group is aware of its responsibility to promote legal and responsible gaming activities at its operating sites and to minimise any negative impacts. In compliance with Macau's 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 emphasising the importance of responsible gaming to our staff.

During the Reporting Period, the Group was not aware of any violation of relevant laws and regulations that has 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 authorised staff to prevent from improper disclosure or misuse.

During the Reporting Period, there was no non-compliance of laws 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. The Group strictly abides by the laws and regulations on integrity and prevention of corruption, bribery, fraud and extortion in regions where it operates, such as the Prevention of Bribery Ordinance in Hong Kong. The Group explicitly states that any form of corruption, bribery or kickback is strictly prohibited in its employee manual.

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. The Board provides reporting channels and guidance for the employees to raise concerns about possible improprieties in financial reporting, internal control or other matters in relation to business ethics principles.

During the Reporting Period, the Group was not aware of any non-compliance of laws 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 supplied and services provided are of high standard.

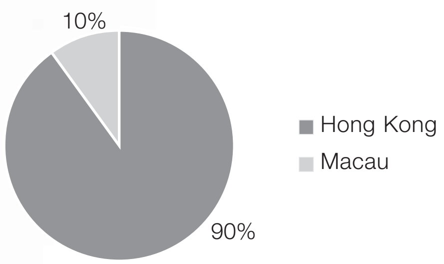
OUR PEOPLE

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

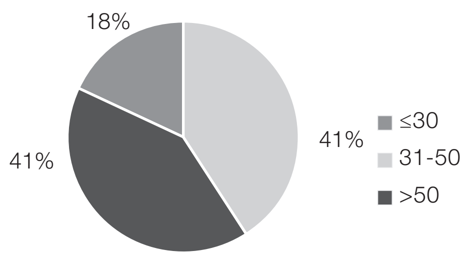
Employee Composition

As of 30 June 2020, the Group had a total of 29 employees, of which 26 were based in Hong Kong and 3 in Macau. The workforce consisted of 26 full time and 3 part-time staff. The proportion of male to female employees was 59:41. 72% of the Company's employees was general staff and 28% was of the management level. 18% of the total workforce was aged 30 or below, 41% was aged 31 - 50 and 41% was aged above 50.

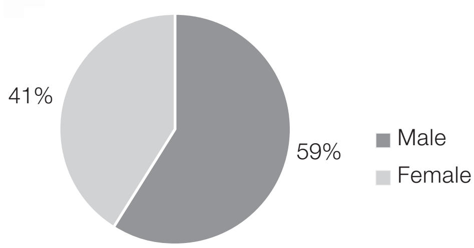
Geographical Profile



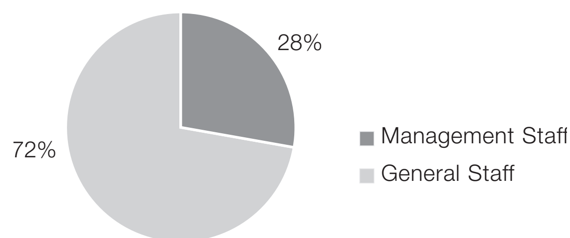
Age Profile



Gender Profile



Hierarchy Profile



Environmental, Social and Governance Report

Employees' Rights and Welfare

The Group prioritises the rights and benefits of its employees. We believe wellbeing of employees is correlated to their productivity and sense of belonging to the Company. We strive to move forward with high labor standards, respect human rights and minimise the staff 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 laws 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 employed. 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 laws 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 trainings 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 its care for the poor. We also encourage our employees to participate in community voluntary works in both Macau and Hong Kong. Being part of the community, we wish to create a harmonious and friendly community for everyone.

Occupational Health and Safety

The Group provides its employees with a safe and healthy working environment. We ensure that our daily operations are compliant with all applicable rules, to minimise 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 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 of the 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 of the Laws of Hong Kong). 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" (Chapter 123J of the Laws of Hong Kong).

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 followings:

– 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 environmental-friendly manner, fostering mindful resources consumption in daily operations and improving its employees' environmental awareness. We constantly monitor our environmental performance and strive hard to reduce the negative impacts on 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 laws 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 wastes, including but not limited to the followings:

– 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).

Use of Resources

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

The total consumption of towngas in our hotel operations amounted to 424,800 megajoules (MJ) and the purchased electricity in our Hong Kong office amounted to approximately 786,410 kWh, with an energy intensity of 60.38 MJ per thousand Hong Kong dollars 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 2,390 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 HKD'000 revenue)
Towngas	424,800 MJ	60.38 MJ/HKD'000
Purchased Electricity	786,410 kWh	
Water	2,390 m^3	0.044 m^3/HKD'000

As for other resources, the Group is engaged in financial services and hotel operations business and does not manufacture tangible goods. Therefore, the Group did not consume any packaging materials during the Reporting Period.

Emissions

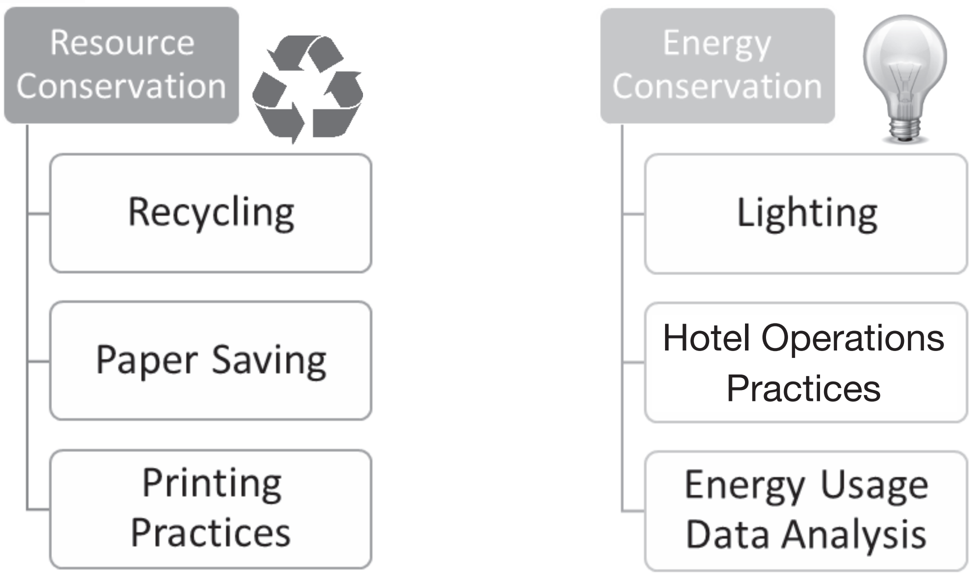
The combustion of towngas in our hotel operations generated 0.01 kg of sulphur oxides (SO_x) and 1.71 kg of nitrogen oxides (NO_x). While the purchased electricity and towngas used in operations generated direct greenhouse gas emissions (Scope I) of approximately 22.59 tonnes of carbon dioxide equivalent (tCO_2e) and indirect greenhouse gas emissions (Scope II) of approximately 405.43 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 wastes 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)	1.71 kg

Greenhouse Gas Emissions	Amount
Scope I	22.59 tCO_2e
Scope II	405.43 tCO_2e

Resource and Energy Conservation

The Group strives to take all feasible measures to incorporate sustainability into its business operations and improve its environmental performance. Realising 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 at work to reduce the use of disposable containers and minimise 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 recyclable materials including waste paper, metals and plastic.

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 electronic 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 for lighting. We switch off all electronic appliances when they are 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 operate business in an environmental-friendly manner wherever appropriate.

PERFORMANCE DATA SUMMARY

		Unit	2020	2019
Workforce Demographics	**Total Headcount**		29	33
	By Geographical Distribution			
	Hong Kong		26	29
	Macau		3	4
	By Age			
	≤30		5	4
	31-50		12	18
	>50		12	11
	By Gender			
	Male		17	19
	Female		12	14
	By Hierarchy			
	Management Staff		8	10
	General Staff		21	23
Environment	**Total Resources Consumption**			
	Electricity	kWh	786,410	803,514
	Towngas	MJ	424,800	684,096
	Energy Intensity	MJ/HKD'000 revenue	60.38	29.85
	Water	m^3	2,390	5,236
	Water Intensity	m^3/HKD'000 revenue	0.044	0.044
	Sulphur oxides (SO_x)	kg	0.01	0.01
	Nitrogen oxides (NO_x)	kg	1.71	2.75
	Greenhouse Gas (GHG) Emissions			
	Scope I: Direct greenhouse gas emissions	tCO_2e	22.59	36.38
	Scope II: Indirect greenhouse gas emissions	tCO_2e	405.43	414.20
	Total GHG Emissions	tCO_2e	428.02	450.58

Environmental, Social and Governance Report

ESG CONTENT INDEX

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

KPIs	Stock Exchange 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 tonnes) and, where appropriate, intensity.	Environmental Protection – Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Protection – Emissions
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Protection – Emissions
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection – Resource and Energy Conservation
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	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 target(s) set and steps taken to achieve them.	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 target(s) set and steps taken to achieve them.	Environmental Protection – Use of Resources
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection – Use of Resources

Environmental, Social and Governance Report

KPIs	Stock Exchange ESG Reporting Guide Requirements		Section/Remarks
Aspect A3: The Environment and Natural Resources	**General Disclosure** Policies on minimising the issuer's significant impacts 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 relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Our People – Employees' 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, and 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

<table>
<tr><th>KPIs</th><th colspan="2">Stock Exchange ESG Reporting Guide Requirements</th><th>Section/Remarks</th></tr>
<tr><td>Aspect B5: Supply Chain Management</td><td colspan="2">General Disclosure
Policies on managing environmental and social risks of the supply chain.</td><td>Lawful Operations – Supply Chain Management</td></tr>
<tr><td rowspan="2">Aspect B6: Product Responsibility</td><td colspan="2">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.</td><td>Lawful Operations – Service Responsibility, Data Privacy</td></tr>
<tr><td>KPI B6.5</td><td>Description of consumer data protection and privacy policies, how they are implemented and monitored.</td><td>Lawful Operations – Data Privacy</td></tr>
<tr><td rowspan="2">Aspect B7: Anti-corruption</td><td colspan="2">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.</td><td>Lawful Operations – Anti-corruption</td></tr>
<tr><td>KPI B7.2</td><td>Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.</td><td>Lawful Operations – Anti-corruption</td></tr>
<tr><td rowspan="2">Aspect B8: Community Investment</td><td colspan="2">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.</td><td>Our People – Community Involvement</td></tr>
<tr><td>KPI B8.1</td><td>Focus areas of contribution.</td><td>Our People – Community Involvement</td></tr>
</table>

Report of the Directors

The Directors present the annual report together with the audited consolidated financial statements for the year ended 30 June 2020.

PRINCIPAL PLACE OF BUSINESS

The Company is a company incorporated in Hong Kong and its registered office and principal place of business are 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 21 to the consolidated financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 8 to the consolidated financial statements.

BUSINESS REVIEW

General

Further discussion and analysis of our Group's principal activities, including a business overview for the year and an indication of the likely future developments of our Group's business is set out in the Management Discussion and Analysis of this report and forms part of this report of the Directors.

Principal 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 risk 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 are 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 ensuring that the policies so developed are duly implemented and executed.

Report of the Directors

BUSINESS REVIEW (Continued)

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

Description of principal risks:	**Risk responses:**
Management and 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 and 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 legislations and practices. Credit monitoring policies and operational procedures have been formulated and are continuously updated to ensure that employees comply with internal procedures and requirements. Internal audit will also be conducted 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 decreases 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 closely monitor the safety margin of our mortgage loans and assess the relevant risks from time to time. The loan officers also assess individually whether such amount of mortgage loans can be fully recovered with reference to the loan repayment ability of that customer and monitor the loan-to-value ratio of the loan by conducting valuation of the mortgaged properties from time to time.

RESULTS AND DIVIDEND

The loss of the Group for the year ended 30 June 2020 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 51 to 114.

The Directors of the Company do not recommend the payment of any dividend for the year ended 30 June 2020.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past 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 53 and note 31 to the consolidated 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 17 and 18 to the consolidated financial statements, respectively.

SHARE CAPITAL

On 29 January 2020, the Company completed the Open Offer on the basis of nine Open Offer shares for every five existing shares at HK$0.12 per Open Offer share. The net proceeds from the Open Offer after deducting related expenses were approximately HK$145.8 million and were entirely utilised to expand the Group's money lending business.

Details of the share capital of the Company are set out in note 26 to the consolidated 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 OF THE COMPANY

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
Ms. Yeung Hoi Ching

In accordance with Articles 79 and 84 of the Company's Articles of Association, Mr. Nicholas J. Niglio shall retire by rotation and being eligible, offer himself for re-election as non-executive Director. Ms. Yeung Hoi Ching shall retire by rotation and being eligible, offer herself for re-election as independent non-executive Director.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The persons who were directors of the subsidiaries of the Company during the year and up to the date of this report (unless otherwise stated) were:

Mr. Danny Xuda Huang*
Mr. Lin Chuen Chow Andy
Mr. Nicholas J. Niglio
Ms. So Wai Yin*
Mr. Tam Ka Wo

* *Resigned as a director of the relevant subsidiaries of the Company*

Report of the Directors

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 the independent non-executive Directors to be independent.

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

(1) Shares

As at 30 June 2020, 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 adopts 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 2020 and up to the date of this report of the Directors, 10,238,000 and 10,238,000 (2019: 12,534,000 and 8,356,000) share options remained outstanding under the Scheme and the details of the movements of the said outstanding share options were as follows:

Name of director	As at 1 July 2019	Forfeited during the year	Effect of open offer during the year	As at 30 June 2020	Forfeited during the period between 1 July 2020 to the date of this report of the Directors	As at the date of this report of the Directors	Percentage of outstanding options as at 30 June 2020	Percentage of outstanding options as at the date of this report of the Directors
Mr. Danny Xuda Huang (Note)	4,178,000	(4,178,000)	–	–	–	–	–	–
Mr. Nicholas J. Niglio	4,178,000	–	941,000	5,119,000	–	5,119,000	50%	50%
Mr. Lin Chuen Chow Andy	4,178,000	–	941,000	5,119,000	–	5,119,000	50%	50%

Note: 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 forfeited upon 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.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Details of movements in the share options of the Company during the year are set out in note 27 to the consolidated financial statements.

At 30 June 2019, the total number of shares available for issue under the Scheme was approximately 12,534,000 shares, representing 1.81% of the number of ordinary shares of the Company in issue as at 30 June 2019.

At 30 June 2020, the total number of shares available for issue under the Scheme was approximately 10,238,000, representing 0.53% of the number of ordinary shares of the Company in issue as at 30 June 2020. During the period from 1 July 2020 to the date of this report of the Directors, approximately 4,178,000 options granted under the Scheme were forfeited due to the resignation of an eligible participant.

At 30 June 2020 and 2019, the options have exercise prices of approximately HK$0.50 and HK$0.61 under the Scheme respectively. At 30 June 2020 and 2019, the weighted average remaining contractual life of the options was approximately 5.76 and 6.76 years, respectively.

Save 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.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 30 June 2020 are set out in the note 21 to the consolidated 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.

DIRECTORS' SERVICE CONTRACT

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

CONNECTED TRANSACTIONS

During the period from the date of the 2019 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.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 13 to the consolidated 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 12 and 13 to the consolidated 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	40.4%
– five largest customers in aggregate	73.2%

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

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 2020, 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 shareholder	Long/short position	Number of ordinary shares held	Percentage of shares held
Mr. Wong Yau Shing	Long	108,000,000	5.57%
Ms. Lin Yee Man	Long	1,359,187,606	70.10%

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 2020.

MATERIAL RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group are set out in note 30 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

RETIREMENT SCHEME

Particulars of the retirement scheme operated by the Group are set out in note 4(r) to the consolidated financial statements. In the opinion of the Company's Directors, the Group had no significant obligations as at 30 June 2020 for long service payment to its employees 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 25 to 36 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 standards regarding dealings as set in the Model Code. Having made specific enquiries of all Directors, they have complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions 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 25 to 36 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, as 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 2020.

AUDITOR

The consolidated financial statements of the Group for the year ended 30 June 2020 were audited by RSM Hong Kong. RSM Hong Kong will retire and, being eligible, offer themselves for re-appointment at the annual general meeting. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint RSM Hong Kong as auditor of the Company.

By Order of the Board

Lin Chuen Chow Andy
Chairman and Executive Director

Hong Kong, 30 September 2020

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of Rich Goldman Holdings Limited (the "Company"), and its subsidiaries (the "Group") set out on pages 51 to 114, which comprise the consolidated statement of financial position as at 30 June 2020, 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 2020, 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 loans receivable from money lending business

2. Impairment assessment of goodwill and hotel operations business segment assets

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Impairment of loans receivable from money lending business *(Refer to Note 24 to the consolidated financial statements)* As at 30 June 2020, the Group had gross loans receivable from customers amounting to approximately HK$419,956,000 (2019: HK$313,143,000) and provision for impairment of loans receivable of approximately HK$261,000 (2019: HK$768,000). 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 receivable, management uses 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.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment assessment of goodwill and hotel operations business segment assets *(Refer to note 17 and 20 to the consolidated financial statements)* The Group has segment assets attributed to the hotel operations business segment with total carrying amount of approximately HK$481,513,000 before recognition of impairment loss as at 30 June 2020. During the year, the hotel operations business recorded a decline in revenue and incurred a segment loss which increases the risk that its segment assets may be impaired. The recoverable amount of the hotel operations business segment assets was based on a value-in-use calculation using discounted cash flow projections. The forecasts prepared by management were based on major assumptions such as room occupancy rate, rate per room and the length of time which the impact of COVID-19 may continue and the speed of recovery. Management was also required to determine an appropriate market discount rate. In accordance with HKAS 36, in allocating an impairment loss for the hotel operations business, the Group shall not reduce the carrying amount of an asset below the higher of its fair value less cost of disposal or value-in-use. The recoverable amount of the hotel property included in property, plant and equipment is estimated at fair value less cost of disposal by an independent firm of chartered surveyors approved by the directors of the Company using market comparison approach, with major assumptions on market condition such as location, accessibility, property condition and retail potential. Impairment losses of approximately HK$2,644,000 and HK$64,962,000 has been recognised during the year for goodwill and hotel property included in property, plant and equipment respectively to reduce their carrying amounts to their recoverable amounts. We identified assessing the impairment of goodwill and hotel operations business segment assets as a key audit matter because determining the impairment of these assets involves significant management's estimation and judgement.	Our procedures in relation to management's impairment assessment included: – For the value-in-use estimation of the hotel operations business segment, reconciling input data to supporting evidence, including approved budgets and actual performance; assessing the reasonableness of the major assumptions adopted by management in preparing the cash flow forecasts; and assessing the appropriateness of the discount rate with the assistance of our internal valuation specialists; and – For the fair value less cost of disposal estimation using market comparison approach for the hotel property: a. Evaluating the independence, competence, capabilities and objectivity of independent professional valuer; b. Assessing the reasonableness of the valuation model; and c. Assessing the reasonableness of the key assumptions including location, star rate, building condition and retail potential.

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.

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. Chiu Kar Chun, Desmond.

RSM Hong Kong
Certified Public Accountants
Hong Kong
30 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	8	**53,925**	119,807
Cost of services provided		**(7,216)**	(14,787)
Other income	9	**4,923**	5,819
Other gains and losses	10	**582**	2,668
Amortisation of intangible assets	19	**(23,786)**	(53,293)
Fair value (loss)/gain on investment properties	18	**(13,000)**	400
Impairment loss on goodwill	20	**(2,644)**	–
Impairment loss on property, plant and equipment	17	**(64,962)**	–
Reversal of impairment losses on intangible assets	19	**–**	37,000
Reversal of impairment losses on trade receivables, net	25	**7,650**	2,003
Reversal of impairment losses on loans receivable and interest receivables, net	24	**512**	581
Administrative expenses		**(34,824)**	(17,781)
(Loss)/profit from operations		**(78,840)**	82,417
Share of profits of an associate		**–**	1,339
Gain on bargain purchase on acquisition of a subsidiary		**–**	12,209
(Loss)/profit before tax		**(78,840)**	95,965
Income tax expense	14	**(2,336)**	(4,322)
(Loss)/profit and total comprehensive income for the year	11	**(81,176)**	91,643
Attributable to:			
– Owners of the Company		**(85,705)**	42,579
– Non-controlling interests		**4,529**	49,064
		(81,176)	91,643
		HK$	HK$ (Restated)
(Loss)/earnings per share	16		
Basic		**(0.07)**	0.05
Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

At 30 June 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	17	**473,049**	561,336
Investment properties	18	**138,000**	151,000
Intangible assets	19	**–**	23,786
Goodwill	20	**–**	2,644
Deferred tax assets	22	**1,439**	225
Financial assets at fair value through profit or loss ("FVTPL")	23	**31,492**	52,671
Loans receivable	24	**1,356**	140,000
Total non-current assets		**645,336**	931,662
Current assets			
Trade and other receivables	25	**1,087**	14,852
Loans receivable and interest receivables	24	**418,885**	173,012
Bank and cash balances		**159,997**	84,161
Total current assets		**579,969**	272,025
Current liabilities			
Other payables		**3,357**	4,083
Current tax liabilities		**5,874**	7,783
Total current liabilities		**9,231**	11,866
Net current assets		**570,738**	260,159
NET ASSETS		**1,216,074**	1,191,821
Capital and reserves			
Share capital	26	**1,317,736**	1,171,921
Reserves	32	**(125,204)**	(39,499)
		1,192,532	1,132,422
Non-controlling interests		**23,542**	59,399
TOTAL EQUITY		**1,216,074**	1,191,821

Approved by the Board of Directors on 30 September 2020 and are signed on its behalf by:

Lin Chuen Chow Andy	**Nicholas J. Niglio**
Director	*Director*

Consolidated Statement of Changes In Equity

For the year ended 30 June 2020

	Attributable to owners of the Company								
	Share capital HK$'000	Property revaluation reserve HK$'000	Non-distributable reserve HK$'000	Share options reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 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 and 1 July 2019	1,171,921	5,922	2,264	3,941	(51,221)	(405)	1,132,422	59,399	1,191,821
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(85,705)**	**(85,705)**	**4,529**	**(81,176)**
Transfer to accumulated losses upon forfeiture of share options (note 27)	**–**	**–**	**–**	**(1,313)**	**–**	**1,313**	**–**	**–**	**–**
Shares issued under open offer (note 26)	**149,566**	**–**	**–**	**–**	**–**	**–**	**149,566**	**–**	**149,566**
Transaction costs attributable to issue of new ordinary shares from open offer (note 26)	**(3,751)**	**–**	**–**	**–**	**–**	**–**	**(3,751)**	**–**	**(3,751)**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(40,386)**	**(40,386)**
At 30 June 2020	**1,317,736**	**5,922**	**2,264**	**2,628**	**(51,221)**	**(84,797)**	**1,192,532**	**23,542**	**1,216,074**

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	**(78,840)**	95,965
Adjustments for:		
Amortisation of intangible assets	**23,786**	53,293
Bank interest income	**(60)**	(5,219)
Depreciation	**23,388**	7,518
Dividend income from financial assets at FVTPL	**(4,184)**	–
Fair value loss/(gain) on financial assets at FVTPL	**111**	(2,671)
Fair value loss/(gain) on investment properties	**13,000**	(400)
Gain on bargain purchase on acquisition of a subsidiary	**–**	(12,209)
Impairment loss on goodwill	**2,644**	–
Impairment loss on property, plant and equipment	**64,962**	–
Loss on disposals of financial assets at FVTPL	**230**	–
Loss on disposals of property, plant and equipment	**–**	3
Reversal of impairment losses on intangible assets	**–**	(37,000)
Reversal of impairment losses on loans receivable and interest receivables, net	**(512)**	(581)
Reversal of impairment losses on trade receivables, net	**(7,650)**	(2,003)
Reversal of provision for legal claim, net	**(923)**	–
Share of profits of an associate	**–**	(1,339)
Operating profits before working capital changes	**35,952**	95,357
Increase in loans receivable and interest receivables	**(106,717)**	(60,410)
Decrease in trade and other receivables	**20,456**	55,822
Increase/(decrease) in other payables	**1,156**	(207)
Cash (used in)/generated from operating activities	**(49,153)**	90,562
Income tax paid	**(5,459)**	–
Net cash (used in)/generated from operating activities	**(54,612)**	90,562
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary	**–**	(429,964)
Acquisition of financial assets at FVTPL	**–**	(50,000)
Dividend income received from financial assets at FVTPL	**4,184**	–
Interest received	**60**	5,219
Proceeds from disposal of financial assets at FVTPL	**20,838**	–
Purchases of property, plant and equipment	**(63)**	(1,434)
Repayment to an associate	**–**	(1,253)
Net cash generated from/(used in) investing activities	**25,019**	(477,432)

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares under open offer	26	**149,566**	–
Payment for transaction costs attributable to issue of new ordinary shares from open offer	26	**(3,751)**	–
Dividend paid to non-controlling interests		**(40,386)**	(124,602)
Net cash generated from/(used in) financing activities		**105,429**	(124,602)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**75,836**	(511,472)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**84,161**	595,633
CASH AND CASH EQUIVALENTS AT END OF YEAR		**159,997**	84,161
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**159,997**	84,161

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1. GENERAL INFORMATION

Rich Goldman Holdings Limited 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 Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 21 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 new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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.

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

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

HKFRS 16 Leases (Continued)

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 July 2019. The new leases standard did not have a material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented as the Group does not enter any significant lease contract as a lessee.

(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 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and goodwill (Continued)

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

(c) 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 ("HK$"), which is the Company's presentation currency and functional currency.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land held for use in the supply of services, or 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.

(e) 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. Rental income from investment properties is accounted for as described in note 4(q).

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease, and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Operating leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(g) Intangible assets

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

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

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

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group 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 FVTPL 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 investments

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.

– Fair value through other comprehensive income ("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 ECL, 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.

Equity investments

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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.

(q) 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.

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.

(r) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (Continued)

(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.

(s) 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.

(t) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(u) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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.

(x) 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 ECL 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) 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.

(z) 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.

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) Subsidiary with less than 50% equity interest held by the Group

Essence Gold Investment Limited

Although the Group owns less than 50% of the equity interest in Essence Gold Investment Limited ("Essence Gold"), Essence Gold is treated as subsidiary because according to the shareholders' agreements, the Group has control of Essence Gold, because it is entitled to appoint two out of three directors in the board of directors of the subsidiary.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

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 loans receivable and interest receivables

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 2020, the total carrying amount of loans receivable and interest receivables was approximately HK$420,241,000 (net of impairment allowance of approximately HK$262,000) (2019: HK$313,012,000 (net of impairment allowance of approximately HK$774,000)).

(b) 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 2020 was approximately HK$473,049,000 (2019: HK$561,336,000).

(c) Impairment of goodwill and segment assets

Determining whether the Group's goodwill and segment assets are impaired requires an estimation of the value-in-use of the CGUs. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs units and a suitable discount rate in order to calculate the present value. Any resulting impairment loss should be first recognised against goodwill.

The carrying amount of goodwill attributed to the hotel operations business segment at the end of the reporting period was approximately HK$2,644,000 (2019: HK$2,644,000) before recognition of impairment loss. Impairment loss of approximately HK$2,644,000 was recognised during the year (2019: HK$nil). Details of the recoverable amount calculation are disclosed in note 20.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Impairment of goodwill and segment assets (Continued)

The Group's hotel property included in property, plant and equipment is stated at cost less depreciation and impairment losses and its recoverable amount is determined at the higher of fair value less cost of disposal or value-in-use. The management relies on the valuation reports prepared by an independent professional valuer to determine the recoverable amount of the hotel property under open market value basis.

The management of the Group has exercised judgment and make estimation on the assumptions used and significant inputs used in the valuation of the hotel property is reflective of the current market conditions. Any changes to these assumptions and significant inputs may result in changes of the recoverable amount of the hotel property and cause a material adjustment to the carrying amount of hotel property.

The carrying amount of hotel property included in property, plant and equipment at the end of the reporting period was approximately HK$410,300,000 (2019: HK$495,238,000) after recognition of impairment loss of approximately HK$64,962,000 (2019: HK$nil) during the year.

(d) 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.

(e) 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 2020 was approximately HK$138,000,000 (2019: HK$151,000,000).

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.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permit the use of lifetime expected loss provision for trade receivables. The ECL 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 ECL for trade receivables as at 30 June:

	2020		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**6.25**	**16**	**1**
1 – 90 days	**3.33**	**91**	**3**
91 – 180 days	**0.00**	**–**	**–**
181 – 365 days	**0.00**	**–**	**–**
Over 365 days	**0.00**	**–**	**–**
		107	**4**

	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 adjusted to reflect the Group's view of economic conditions over the expected lives of the receivables.

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)

Loans receivable and interest receivables (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.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (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; and

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (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.

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.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (Continued)

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;

– 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.

Credit risk exposure

The Group applies the general approach to provide for ECL prescribed by HKFRS 9 on its loans receivable and interest receivables. The Group has 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.

	Stage 1 12-month ECL	
	2020	2019
	HK$'000	HK$'000
Loans receivable	**419,956**	313,143
Impairment allowance	**(261)**	(768)
Loans receivable – net of impairment allowance	**419,695**	312,375
Interest receivables	**547**	643
Impairment allowance	**(1)**	(6)
Interest receivables – net of impairment allowance	**546**	637

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (Continued)

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 ECL.

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

Changes in input on ECL model	Increase/(decrease) on ECL allowance on loans receivable and interest receivables	
	2020	2019
	HK$'000	HK$'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%	**26**	77
Assuming the expected default rate is relatively decreased by 10%	**(26)**	(77)

Collateral is obtained in respect of loans receivable amounted to HK$413,934,000 (2019: HK$303,590,000) as at 30 June 2020. Such collaterals comprise properties pledged against the loans receivable.

Concentration of credit risk

At 30 June 2020, there were no trade receivables within the gaming and entertainment segment (2019: 98.0% of the total trade receivables was due from the Group's largest customer, within the gaming and entertainment segment).

At 30 June 2020, 85.2% (2019: 83.7%) 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 Group's financial liabilities are either on demand or matured less than 1 year as at 30 June 2020 and 2019.

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

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

(e) Categories of financial instruments at 30 June 2020 and 2019

	2020 **HK$'000**	2019 HK$'000
Financial assets:		
Financial assets at FVTPL	**31,492**	52,671
Financial assets at amortised cost	**581,167**	411,687
	612,659	464,358
Financial liabilities:		
Financial liabilities at amortised cost	**3,357**	2,201

(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.

(a) Disclosures of level in fair value hierarchy at 30 June 2020 and 2019:

At 30 June 2020 and 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.

7. FAIR VALUE MEASUREMENTS (Continued)

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

Description	Investment properties HK$'000	Financial asset at FVTPL Unlisted fund investment HK$'000	Total HK$'000
At 1 July 2019	**151,000**	**52,671**	**203,671**
Financial assets disposed during the year	**–**	**(21,068)**	**(21,068)**
Total losses recognised in profit or loss (#)	**(13,000)**	**(111)**	**(13,111)**
At 30 June 2020	**138,000**	**31,492**	**169,492**
(#) Include losses for assets held at the end of reporting period	**(13,000)**	**(111)**	**(13,111)**

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

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2020:

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 for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least twice a year.

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 2020: (Continued)

The valuation techniques used and the key inputs 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 value of underlying investments provided by the administrator of fund

The information about the significant unobservable inputs 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 2020 HK$'000	Fair value 2019 HK$'000
Commercial units located in Hong Kong	Comparison approach	Adjusted factor on location	0% – 30%	Increase	**138,000**	151,000
Financial assets at FVTPL – Unlisted fund investment	Fair value of underlying investments	N/A	N/A	N/A	**31,492**	52,671

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

8. REVENUE AND 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; and

(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 on acquisition of a subsidiary. Segment assets do not include unallocated corporate asset. Segment liabilities do not include unallocated corporate liabilities.

8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information

(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 2020					
Revenue	21,816	23,891	6,262	1,956	53,925
Depreciation	–	–	(20,474)	–	(20,474)
Amortisation of intangible assets	(23,786)	–	–	–	(23,786)
Fair value loss on investment properties	–	–	–	(13,000)	(13,000)
Impairment loss on goodwill	–	–	(2,644)	–	(2,644)
Impairment loss on property, plant and equipment	–	–	(64,962)	–	(64,962)
Reversal of impairment losses on trade receivables	7,649	–	1	–	7,650
Reversal of impairment losses on loans receivable and interest receivables, net	–	512	–	–	512
Income tax (expense)/credit	–	(3,249)	1,474	(561)	(2,336)
Segment results	5,661	21,969	(88,882)	(11,763)	(73,015)
Unallocated other income					4,383
Unallocated other gains and losses					582
Unallocated expenses					(10,790)
Loss before tax					(78,840)

8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(i) Segment revenue and results (Continued)

	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)
Fair value gain on investment properties	–	–	–	400	400
Loss on disposals of property, plant and equipment	–	–	(3)	–	(3)
Reversal of impairment losses on intangible assets	37,000	–	–	–	37,000
Reversal of impairment losses/(impairment losses) on trade receivables, net	2,007	–	(4)	–	2,003
Reversal of impairment losses on loans receivable and interest receivables, net	–	581	–	–	581
Income tax expense	–	(3,135)	(1,121)	(66)	(4,322)
Segment results	61,327	20,033	3,708	610	85,678
Unallocated other income					5,526
Unallocated other gains and losses					2,671
Share of profit of an associate					1,339
Gain on bargain purchase on acquisition of a subsidiary					12,209
Unallocated expenses					(11,458)
Profit before tax					95,965

8. REVENUE AND SEGMENT INFORMATION (Continued)

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 2020					
Assets					
Segment assets	29,519	493,960	413,907	145,360	1,082,746
Unallocated corporate assets					142,559
Consolidated total assets					1,225,305
Liabilities					
Segment liabilities	(111)	(4,967)	(1,584)	(635)	(7,297)
Unallocated corporate liabilities					(1,934)
Consolidated total liabilities					(9,231)

	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)

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 and current tax liabilities.

8. REVENUE AND SEGMENT INFORMATION (Continued)

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 and goodwill. 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.

	Revenue from external customers Year ended 30 June		Non-current assets As at 30 June	
	2020 HK$000	2019 HK$000	**2020 HK$000**	2019 HK$000
Hong Kong	**32,109**	45,738	**611,049**	714,980
Macau	**21,816**	74,069	**–**	23,786
	53,925	119,807	**611,049**	738,766

(iv) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	Segment	Note	2020 HK$'000	2019 HK$'000
Customer A	Gaming and Entertainment Business	(i)	**21,816**	74,069
Customer B	Money lending business		**7,137**	N/A

Note:

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

9. OTHER INCOME

	2020 HK$'000	2019 HK$'000
Bank interest income	**60**	5,219
Dividend income from financial assets at FVTPL	**4,184**	–
Government grants (note)	**665**	–
Others	**14**	600
	4,923	5,819

Note: The amount represents Employment Support Scheme and the Tourism Industry Support Scheme under the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region. The Group had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group did not have any unfulfilled conditions relating to these programs during the year.

10. OTHER GAINS AND LOSSES

	2020 HK$'000	2019 HK$'000
Loss on disposals of financial assets at FVTPL	**(230)**	–
Loss on disposals of property, plant and equipment	**–**	(3)
Fair value (loss)/gain on financial assets at FVTPL	**(111)**	2,671
Reversal of provision for legal claim, net	**923**	–
	582	2,668

11. (LOSS)/PROFIT FOR THE YEAR

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

	2020 HK$'000	2019 HK$'000
Auditor's remuneration	**850**	870
Depreciation	**23,388**	7,518
Loss on disposals of property, plant and equipment	**–**	3
Operating lease charges in respect of land and buildings	**–**	3,829

12. EMPLOYEE BENEFITS EXPENSE

	2020 **HK$'000**	2019 HK$'000
Employee benefits expense (excluding Directors' emoluments):		
Salaries, bonuses and allowances	**7,060**	6,747
Retirement benefit scheme contributions	**276**	292
	7,336	7,039

Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2019: four) Directors whose emoluments are reflected in the analysis presented in note 13. The emoluments of the remaining two (2019: one) individuals is set out below:

	2020 **HK$'000**	2019 HK$'000
Basic salaries and allowances	**1,073**	416
Discretionary bonuses	**–**	34
Retirement benefit scheme contributions	**36**	18
	1,109	468

The emoluments fell within the following band:

	Number of individuals	
	2020	2019
Nil to HK$1,000,000	**2**	1

13. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	Year ended 30 June 2020						
	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))	–	40	–	–	–	2	42
Mr. Lin Chuen Chow Andy	–	481	50	–	186	18	735
Ms. So Wai Yin (note (ii))	–	397	309	–	300	18	1,024
Mr. Nicholas J. Niglio (note (iii))	–	477	–	–	–	–	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	1,395	359	–	486	38	2,458

	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

13. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Notes:

(i) Resigned on 24 July 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 October 2011 and no mandatory provident fund was required to be contributed by the Company thereafter.

Neither the Chief Executive nor any of the Directors waived any emoluments during the year (2019: 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 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.

14. INCOME TAX EXPENSE

	2020 **HK$'000**	2019 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**3,835**	4,382
Over-provision in prior years	**(285)**	–
Deferred tax (note 22)	**(1,214)**	(60)
	2,336	4,322

Under the two-tiered profits tax regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at a rate of 8.25% and assessable profits above that amount will be subject to the tax rate of 16.5%.

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 Complementary tax because the gaming revenue is received net of taxes collected by the Macau Special Administrative Region Government and paid directly by the casino operators on a monthly basis. No provision for Macau Complementary tax has been made.

14. INCOME TAX EXPENSE (Continued)

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

	2020	2019
	HK$'000	HK$'000
(Loss)/profit before taxation	**(78,840)**	95,965
Tax calculated at applicable tax rate of 16.5% (2019: 16.5%)	**(13,008)**	15,834
Tax effect of expenses that are not deductible	**19,216**	10,466
Tax effect of income that is not taxable	**(4,635)**	(18,925)
Tax effect of temporary differences not recognised	**2,538**	545
Income tax on concessionary rate	**(165)**	(165)
Effect of different tax rates of subsidiaries	**(1,325)**	(3,433)
Over-provision in prior years	**(285)**	–
Income tax expense	**2,336**	4,322

15. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the years ended 30 June 2020 and 2019.

16. LOSS/EARNINGS PER SHARE

Basic loss/earnings per share

The calculation of basic loss/earnings per share is based on the loss for the year attributable to owners of the Company of approximately HK$85,705,000 (2019: profit of approximately HK$42,579,000) and the weighted average number of ordinary shares of 1,216,872,509 (2019: 810,020,261 (restated)) in issue during the year. The basic earnings per share for 2019 had been adjusted and restated with the effect of the open offer in January 2020.

Diluted loss/earnings per share

No diluted loss/earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the years ended 30 June 2020 and 2019.

17. 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 2018	70,400	594	1,716	525	73,235
Additions	–	1,010	406	18	1,434
Arising from acquisition of a subsidiary	499,400	–	–	–	499,400
Disposal	–	–	(11)	–	(11)
At 30 June 2019 and 1 July 2019	569,800	1,604	2,111	543	574,058
Additions	–	–	35	28	63
At 30 June 2020	**569,800**	**1,604**	**2,146**	**571**	**574,121**
Accumulated depreciation and impairment loss					
At 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 and 1 July 2019	10,264	535	1,449	474	12,722
Charge for the year	22,792	363	210	23	23,388
Impairment loss	64,962	–	–	–	64,962
At 30 June 2020	**98,018**	**898**	**1,659**	**497**	**101,072**
Carrying amount					
At 30 June 2020	**471,782**	**706**	**487**	**74**	**473,049**
At 30 June 2019	559,536	1,069	662	69	561,336

No property, plant and equipment was pledged as security as at 30 June 2020 and 30 June 2019.

As at 30 June 2020, included in land and building, the Group's hotel property under hotel operations segment carried at approximately HK$475,262,000 (before provision for impairment loss) and the Group assessed impairment loss for the hotel property by considering its recoverable amount, having regard to the change in market conditions in Hong Kong after the outbreak of COVID-19. The recoverable amount of the hotel property of the hotel operations segment is estimated based on the fair value less costs of disposal of the hotel property, which is estimated based on valuation techniques with significant unobservable inputs and assumptions of market conditions, and based on the valuation conducted by APAC Appraisal and Consulting Limited, an independent firm of chartered surveyors, and approved by the Directors of the Company. The valuation was arrived at by using open market value basis referencing to market evidence of recent transactions for similar properties. Impairment loss of approximately HK$64,962,000 was recognised in profit or loss during the year for the hotel property included in hotel operations segment.

18. INVESTMENT PROPERTIES

	HK$'000
Fair value:	
At 1 July 2018	–
Arising from acquisition of a subsidiary	150,600
Increase in fair value	400
At 30 June 2019 and 1 July 2019	151,000
Decrease in fair value	(13,000)
At 30 June 2020	**138,000**

Investment properties were revalued at 30 June 2020 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.

19. 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 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	–	–	–	–	–	(8,500)	(8,500)
At 30 June 2019 and 1 July 2019	567,793	405,000	1,215,000	562,000	2,749,793	–	2,749,793
Written off	(567,793)	(405,000)	(1,215,000)	(562,000)	(2,749,793)	–	(2,749,793)
At 30 June 2020	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Accumulated amortisation and impairment loss							
At 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	–	–	–	–	–	(3,046)	(3,046)
Reversal of impairment loss	–	–	–	(37,000)	(37,000)	–	(37,000)
At 30 June 2019 and 1 July 2019	567,793	405,000	1,215,000	538,214	2,726,007	–	2,726,007
Amortisation for the year	–	–	–	23,786	23,786	–	23,786
Written off	(567,793)	(405,000)	(1,215,000)	(562,000)	(2,749,793)	–	(2,749,793)
At 30 June 2020	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Carrying amount							
At 30 June 2020	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 30 June 2019	–	–	–	23,786	23,786	–	23,786

19. INTANGIBLE ASSETS (Continued)

Gaming and Entertainment Business

During the year ended 30 June 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 ended 31 March 2020. The recoverable amount of Hoi Long Profit Agreement was determined 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 charges of approximately HK$23,786,000 (2019: HK$13,214,000) in respect of the above was charged for the year ended 30 June 2020.

The underlying junket representative agreement of Hoi Long Profit Agreement between the junket operator and the casino operator has not been renewed upon expiration on 31 March 2020.

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% of equity interest in Harbour Bay and 30% of 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%.

During the year ended 30 June 2019, the Group acquired the remaining 70% of equity interest in Ever Praise. Following the acquisition, Ever Praise became a wholly owned subsidiary of the Group. The aggregated lease benefit was derecognised following the completion of the acquisition.

20. GOODWILL

	HK$'000
Cost and carrying amount	
At 1 July 2018, 30 June 2019, 1 July 2019	2,644
Impairment loss	(2,644)
At 30 June 2020	**–**

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to hotel operations segment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

20. GOODWILL (Continued)

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 2020, the value-in-use calculations were based on the financial budgets approved by the management for the next five years with the residual period using growth rate of 2.5%. As at 30 June 2019, the value-in-use calculations were based on the financial budgets approved by the management covering for the period ending 30 April 2022. The pre-tax discount rate used to reflect the specific risks relating to the CGUs and applied to the cash flow projections was 14.86% (2019: 24.26%).

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 aware of any other probable changes that would necessitate changes in its key estimates.

Due to the slow-down in the hotel operations segment, the Group has revised its cashflow forecast for the CGUs. Impairment loss on goodwill of approximately HK$2,644,000 (2019: HK$nil) was recognised during the year.

21. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2020 are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			Direct	Indirect	
Essence Gold	BVI/Macau	US$100	–	20% (note)	Receiving profit streams from gaming and entertainment related business
Essence Gold Investment (Macau) Limited	Macau	MOP$25,000	–	20% (note)	Receiving 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	Hong Kong	HK$10,000	–	100%	Operation of a hotel
Ever Praise	BVI/Hong Kong	US$10,000	–	100%	Property investment and leasing

21. 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

	2020 **HK$'000**	2019 HK$'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
Current assets	**29,516**	50,502
Current liabilities	**(129)**	(81)
Net assets	**29,387**	74,207
Accumulated NCI	**23,509**	59,366
For the year ended 30 June:		
Revenue	**21,816**	74,069
Other income and expenses	**(16,154)**	(12,734)
Profit and total comprehensive income for the year	**5,662**	61,335
Profit allocated to NCI	**4,529**	49,066
Dividends paid to NCI	**40,386**	124,602
Net cash generated from operating activities	**41,939**	129,546
Net cash generated from investing activities	**29**	24
Net cash used in financing activities	**(50,432)**	(155,753)
Net decrease in cash and cash equivalents	**(8,464)**	(26,183)

21. PRINCIPAL SUBSIDIARIES (Continued)

Note:

Essence Gold was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Group held 20% of equity interests in Essence Gold as at 30 June 2020 and 2019, 80% of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interests.

22. DEFERRED TAX

The followings are the deferred tax assets recognised by the Group:

	Property, plant and equipment HK$'000	Trade receivables HK$'000	Intangible assets HK$'000	Tax losses HK$'000	Loans receivable and interest receivables HK$'000	Total HK$'000
At 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	–	–	–	163	–	163
Credit/(charge) to profit or loss for the year (note 14)	–	–	222	(67)	(95)	60
Derecognition arising from acquisition of a subsidiary	–	–	900	–	–	900
At 30 June 2019 and 1 July 2019	–	–	–	96	129	225
Credit/(charge) to profit or loss for the year (note 14)	79	1	–	1,219	(85)	1,214
At 30 June 2020	**79**	**1**	**–**	**1,315**	**44**	**1,439**

At the end of the reporting period, the Group had unused tax losses of approximately HK$18,514,000 (2019: HK$11,123,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$7,973,000 (2019: HK$582,000) of such losses. No deferred tax asset has been recognised in respect of the unused tax losses of approximately HK$10,541,000 (2019: HK$10,541,000) due to the unpredictability of future profits streams. Tax losses may be carried forward indefinitely.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Financial assets at FVTPL		
– Unlisted fund investment	**31,492**	52,671

As at 30 June 2020, carrying amount of unlisted fund investment of approximately HK$31,492,000 (2019: 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 the reporting period.

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

24. LOANS RECEIVABLE AND INTEREST RECEIVABLES

	2020 HK$'000	2019 HK$'000
Loans receivable	**419,956**	313,143
Less: Provision for impairment assessment of loans receivable	**(261)**	(768)
Loans receivable, net of provision	**419,695**	312,375
Interest receivables	**547**	643
Less: Provision for impairment assessment of interest receivables	**(1)**	(6)
Interest receivables, net of provision	**546**	637
	420,241	313,012

24. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

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

	2020 HK$'000	2019 HK$'000
Neither past due nor impaired		
– Secured	**414,418**	304,096
– Unsecured	**5,823**	8,916
	420,241	313,012
Analysed as:		
– Non-current assets	**1,356**	140,000
– Current assets	**418,885**	173,012
	420,241	313,012

The secured loans were secured by 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.

The carrying amounts of the loans receivable and interest receivables are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
Hong Kong dollars	**417,100**	309,824
United States dollars	**3,141**	3,188
	420,241	313,012

All of the loans receivable bear interest and are repayable within the fixed term agreed with the customers. As at 30 June 2020, the average effective interest rate of the loans receivable was 7% (2019: 7%) per annum.

24. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

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

	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)
At 30 June 2019 and 1 July 2019	768	6	774
New loans originated	250	1	251
Loans repaid during the year	(760)	(6)	(766)
Charged for the year	3	–	3
At 30 June 2020	261	1	262

In general, loans receivable and interest receivables are considered as default with the loans receivable and interest receivables are overdue by 60 days. As at 30 June 2020, 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 results from default events possible within the 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 is significant increase in credit risk.

24. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

As at 30 June 2020, the charge of impairment allowance of loans receivable of approximately HK$3,000 (2019: reversal of approximately HK$578,000), and that of interest receivables of HK$nil (2019: reversal of approximately 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 at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	As at 30 June	
	2020	2019
	HK'000	HK'000
Current	**418,339**	172,375
Over 1 year but within 5 years	**1,356**	140,000
	419,695	312,375

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

25. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	HK$'000
Trade receivables from Gaming and Entertainment Business from Customer A (note 8(iv))	**–**	20,172
Trade receivables from hotel operations business	**53**	260
Trade receivables from property leasing business	**54**	–
	107	20,432
Impairment losses on trade receivables	**(4)**	(7,654)
	103	12,778
Deposits, prepayments and other receivables	**984**	2,074
	1,087	14,852

25. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows trade receivables from Gaming and Entertainment Business an average credit period ranging from 30 days to 60 days. Before accepting any new customers, the management will internally assess the credit quality of the potential customer and define appropriate credit limits. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers. Rentals are payable on presentation of demand notes. No credit period is allowed to these customers.

Management closely monitors the credit quality of trade and other receivables and considers the trade receivables that are neither past due nor impaired to be of good quality.

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

	2020 **HK$'000**	2019 HK$'000
0 – 90 days	**102**	5,797
91 – 180 days	**1**	–
181 – 365 days	**–**	–
Over 365 days	**–**	6,981
	103	12,778

As at 30 June 2020, an allowance was made for estimated irrecoverable trade receivables of approximately HK$4,000 (2019: HK$7,654,000).

Reconciliation of allowance for trade receivables:

	2020 **HK$'000**	2019 HK$'000
At 1 July	**7,654**	59,007
Impact of adoption of HKFRS 9	**–**	6
At 1 July as restated	**7,654**	59,013
Charged for the year	**–**	4
Reversed during the year	**(7,650)**	(2,007)
Written off during the year	**–**	(49,356)
At 30 June	**4**	7,654

The trade receivables were denominated in Hong Kong dollars.

As at 30 June 2020 and 2019, no trade receivables were past due but not impaired.

26. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares, issued and fully paid:		
At 1 July 2018, 30 June 2019 and 1 July 2019	**692,437**	**1,171,921**
Issue of shares upon open offer (note)	**1,246,386**	**145,815**
At 30 June 2020	**1,938,823**	**1,317,736**

Note: On 29 January 2020, the Company completed the allotment and issuance of approximately 1,246,386,000 ordinary shares, in which approximately 461,548,000 ordinary shares were issued to the shareholders of the Company and approximately 784,838,000 ordinary shares were issued to the underwriter due to under-subscription, by way of an open offer on the basis of nine offer shares for every five existing shares held on 3 January 2020 at a subscription price of HK$0.12 each. The Company raised approximately HK$145,815,000 (net of directly attributable expenses of approximately HK$3,751,000) which will be used for development and operation of money lending business.

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

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group balances 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.

27. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") adopted on 18 September 2007 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 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 Scheme became effective on 18 September 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

27. SHARE OPTION SCHEME (Continued)

The subscription price for the Company's shares under the 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 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 Scheme must not exceed 69,120,000 shares. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period up to the date of grant must not exceed 1% of the aggregate number of shares for the time being in issue. Any further grant of share options in excess of this limit is subject to shareholder's approval in a general meeting.

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

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 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 2020, approximately 4,178,000 options granted under the Scheme were forfeited upon the resignation of the eligible participant.

At 30 June 2020, the options have exercise prices of approximately HK$0.50 under the Scheme. The weighted average remaining contractual life of the options was approximately 5.76 years.

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

27. SHARE OPTION SCHEME (Continued)

Details of specific categories of share options and the movements during the years ended 30 June 2020 and 2019 are as follows:

Participants	Number of share options outstanding and exercisable				Date of grant of share options (note ii)	Exercise period of share options	Adjusted exercise price of share options (note iii)
	At 1 July 2019	Forfeited during the year	Adjusted upon completion of open offer (note iii)	At 30 June 2020 (note i)			
	'000	'000		'000			HK$
Directors							
Mr. Danny Xuda Huang (Note iv)	4,178	(4,178)	–	–	1/4/2016	1/4/2016 to 31/3/2026	N/A
Mr. Nicholas J. Niglio	4,178	–	941	5,119	1/4/2016	1/4/2016 to 31/3/2026	0.50
Mr. Lin Chuen Chow Andy	4,178	–	941	5,119	1/4/2016	1/4/2016 to 31/3/2026	0.50
	12,534	(4,178)	1,882	10,238			
Weighted average exercise price (HK$)	0.61	0.61		0.50			
Outstanding and exercisable				10,238			

27. SHARE OPTION SCHEME (Continued)

Participants	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	Forfeited during the year	At 30 June 2019 (note i)	(note ii)		(note iii)
	'000	'000	'000			HK$
Directors						
Mr. Danny Xuda Huang (Note iv)	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Nicholas J. Niglio	4,178	–	4,178	1/4/2016	1/4/2016 to 31/3/2026	0.61
Mr. Lin Chuen Chow Andy	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			

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27. SHARE OPTION SCHEME (Continued)

Notes:

(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 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 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 option 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 and January 2020. Details of which may refer to the announcements of the Company dated 20 May 2016, 24 June 2016 and 29 January 2020.

(iv) Mr. Danny Xuda Huang has resigned on 24 July 2019 and his entitlement of approximately 4,178,000 share options has been forfeited.

28. 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. Such provision was carried forward till 30 June 2019. During the year ended 30 June 2020, The Center (49) Limited discontinued its claim against the Company and the provision for legal claim has been reversed. The Company did not have any material contingent liabilities as at 30 June 2020.

29. LEASE COMMITMENTS

The Group as lessor

At 30 June 2020 the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2020	2019
	HK$'000	HK$'000
Within one year	**106**	1,918
In the second to fifth years inclusive	**–**	106
	106	2,024

30. 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:

Details of the remuneration of key management personnel, who are the Directors, during the year are set out in note 13. Key management personnel are deemed to be the members of the Board which has responsibility for planning, directing and controlling the activities of the Group.

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

(a) Statement of financial position of the Company

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**61,706**	64,592
Investments in subsidiaries		**595,092**	595,095
Total non-current assets		**656,798**	659,687
Current assets			
Other receivables		**432**	378
Amounts due from subsidiaries		**513,229**	376,462
Bank and cash balances		**23,864**	6,926
Total current assets		**537,525**	383,766
Current liabilities			
Other payables		**1,926**	778
Amounts due to subsidiaries		**351,752**	351,759
Total current liabilities		**353,678**	352,537
Net current assets		**183,847**	31,229
NET ASSETS		**840,645**	690,916
Equity			
Share capital		**1,317,737**	1,171,921
Reserves	32(b)	**(477,092)**	(481,005)
TOTAL EQUITY		**840,645**	690,916

Approved by the Board of Directors on 30 September 2020 and are signed on its behalf by:

Lin Chuen Chow Andy	**Nicholas J. Niglio**
Director	*Director*

31. 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 years ended 30 June 2020 and 2019 are as follows:

	Property revaluation reserve HK$'000	Non-distributable reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2018	5,922	1,264	3,941	(561,786)	(550,659)
Total comprehensive income for the year	–	–	–	69,654	69,654
At 30 June 2019 and 1 July 2019	5,922	1,264	3,941	(492,132)	(481,005)
Total comprehensive income for the year	–	–	–	3,913	3,913
Transfer to accumulated losses upon forfeiture of share options (note 27)	–	–	(1,313)	1,313	–
At 30 June 2020	**5,922**	**1,264**	**2,628**	**(486,906)**	**(477,092)**

32. 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.

32. 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.