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## 金粵控股有限公司

Rich Goldman Holdings Limited

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00070)**

### RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

The Board of Directors (the “Board”) of Rich Goldman Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2018 together with the comparative figures as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 30 June 2018*

	<i>Notes</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	3	<b>130,484</b>	296,797
Cost of services provided		<b>(14,938)</b>	(204)
Other income	4	<b>4,659</b>	4,898
Other gains and losses	5	<b>(151)</b>	10,400
Amortisation of intangible assets	10	<b>(78,105)</b>	(108,636)
Reversal of impairment losses/(impairment losses) on intangible assets	10	<b>49,800</b>	(397,311)
Reversal of impairment losses on trade receivables	11	<b>41,892</b>	306,279
Administrative expenses		<b>(13,035)</b>	(13,296)
<b>Profit from operations</b>		<b>120,606</b>	98,927
Share of profit/(loss) of an associate		<b>7,532</b>	(13)
Gain on bargain purchase on acquisition of an associate		–	4,327
Loss on disposal of an associate		–	(62,855)
Finance costs		<b>(208)</b>	(437)
<b>Profit before tax</b>		<b>127,930</b>	39,949
Income tax expense	7	<b>(3,546)</b>	–
<b>Profit and total comprehensive income for the year</b>	6	<b>124,384</b>	39,949

	<i>Notes</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Attributable to:</b>			
– Owners of the Company		<b>39,009</b>	(10,153)
– Non-controlling interests		<b>85,375</b>	50,102
		<u><b>124,384</b></u>	<u>39,949</u>
		<i>HK\$</i>	<i>HK\$</i>
<b>Earnings/(loss) per share</b>	8		
– Basic		<u><b>0.06</b></u>	<u>(0.01)</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2018*

	<i>Notes</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>68,023</b>	70,573
Intangible assets	<i>10</i>	<b>45,533</b>	73,838
Goodwill		<b>2,644</b>	2,644
Investment in an associate		<b>88,671</b>	81,116
Deferred tax assets		–	426
Available-for-sale investments		–	–
Loans receivable	<i>12</i>	<b>124,000</b>	–
		<u><b>328,871</b></u>	<u>228,597</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	<i>11</i>	<b>69,647</b>	410,561
Loans receivable	<i>12</i>	<b>128,143</b>	65,000
Due from an associate		<b>111,947</b>	110,485
Bank and cash balances		<b>595,633</b>	594,302
		<u><b>905,370</b></u>	<u>1,180,348</u>
<b>CURRENT LIABILITIES</b>			
Other payables		<b>3,801</b>	9,920
Bank borrowing		–	14,009
Current tax liabilities		<b>3,401</b>	–
		<u><b>7,202</b></u>	<u>23,929</u>
<b>NET CURRENT ASSETS</b>		<u><b>898,168</b></u>	<u>1,156,419</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>1,227,039</b></u>	<u>1,385,016</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	<i>7(ii)</i>	<b>1,122</b>	1,403
<b>NET ASSETS</b>		<u><b>1,225,917</b></u>	<u>1,383,613</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>1,171,921</b>	1,171,921
Other reserves		<b>(80,947)</b>	(119,955)
<b>Equity attributable to owners of the Company</b>		<u><b>1,090,974</b></u>	<u>1,051,966</u>
Non-controlling interests		<b>134,943</b>	331,647
<b>TOTAL EQUITY</b>		<u><b>1,225,917</b></u>	<u>1,383,613</u>

## 1. BASIS OF PREPARATION

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 July 2017. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The financial information relating to the financial years ended 30 June 2018 and 2017 included in this preliminary announcement of annual results for the year ended 30 June 2018 does not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 30 June 2017, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 30 June 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 30 June 2018 in due course.

Zhonghui Anda CPA Limited has reported on those financial statements of the Group for the year ended 30 June 2017 and RSM Hong Kong has reported on those financial statements of the Group for the year ended 30 June 2018. The auditor’s reports dated 29 September 2017 and 21 September 2018 were qualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; did not contain a statement under section 406(2) and 407(2) of the Hong Kong Companies Ordinance; and contained a statement under section 407(3) of the Hong Kong Companies Ordinance.

The Group has not early applied the new HKFRSs that have been issued but are not yet effective for the current accounting period. These new and revised HKFRSs include the following which may be relevant to the Group.

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

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments which is carried at their fair values.

## **3. SEGMENT INFORMATION**

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

The Group's operating segments are as follows:

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

(a) **Segment revenue and results**

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

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

	Gaming and Entertainment Business HK\$'000	Money Lending Business HK\$'000	Hotel Operations HK\$'000	Total HK\$'000
Year ended 30 June 2017				
Revenue	295,459	1,102	236	296,797
Depreciation	–	–	(14)	(14)
Amortisation of intangible assets	(108,636)	–	–	(108,636)
Reversal of impairment losses on trade receivables	306,279	–	–	306,279
Impairment losses on intangible assets	(397,311)	–	–	(397,311)
Segment results	<u>98,539</u>	<u>904</u>	<u>(9)</u>	99,434
Unallocated other income				2,041
Unallocated other gains and losses				10,400
Share of loss of an associate				(13)
Unallocated expenses				(12,948)
Gain on bargain purchase on acquisition of an associate				4,327
Loss on disposal of an associate				(62,855)
Finance costs				<u>(437)</u>
Profit after tax				<u><u>39,949</u></u>

**(b) Segment assets and liabilities**

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

	<b>Gaming and Entertainment Business HK\$'000</b>	<b>Money Lending Business HK\$'000</b>	<b>Hotel Operations HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 30 June 2018</b>				
<b>ASSETS</b>				
Segment assets	<u>168,685</u>	<u>303,815</u>	<u>23,039</u>	495,539
Investment in an associate				88,671
Unallocated corporate assets				<u>650,031</u>
Consolidated total assets				<u><u>1,234,241</u></u>
<b>LIABILITIES</b>				
Segment liabilities	<u>(111)</u>	<u>(2,081)</u>	<u>(3,231)</u>	(5,423)
Unallocated corporate liabilities				<u>(2,901)</u>
Consolidated total liabilities				<u><u>(8,324)</u></u>



	Gaming and Entertainment Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Hotel Operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2017				
<b>ASSETS</b>				
Segment assets	<u>720,683</u>	<u>80,952</u>	<u>18,627</u>	820,262
Investment in an associate				81,116
Unallocated corporate assets				<u>507,567</u>
Consolidated total assets				<u><u>1,408,945</u></u>
<b>LIABILITIES</b>				
Segment liabilities	<u>(111)</u>	<u>(42)</u>	<u>(3,636)</u>	(3,789)
Unallocated corporate liabilities				<u>(21,543)</u>
Consolidated total liabilities				<u><u>(25,332)</u></u>

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

Unallocated corporate liabilities mainly represent bank borrowing.

(c) **Geographical segments**

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

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

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

**4. OTHER INCOME**

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

## 5. OTHER GAINS AND LOSSES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loss on disposals of property, plant and equipment	(62)	–
Fair value gain on an investment property	–	10,400
Impairment losses on other receivables	(89)	–
	<u>(151)</u>	<u>10,400</u>

## 6. PROFIT FOR THE YEAR

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
Salaries, bonuses and allowances	9,235	3,256
Pension benefit scheme contributions	328	98
	<u>9,563</u>	<u>3,354</u>
Auditor's remuneration	1,050	800
Depreciation	3,234	725
Amortisation of intangible assets	78,105	108,636
Fair value gain on an investment property	–	(10,400)
Impairment loss on other receivables	89	–
Impairment losses on trade receivables	108	–
(Reversal of impairment losses)/impairment losses on intangible assets	(49,800)	397,311
Reversal of impairment losses on trade receivables	(42,000)	(306,279)
Loss on disposals of property, plant and equipment	62	–
Operating lease charges	4,726	695
	<u>4,726</u>	<u>695</u>

## **7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

### **(i) Income tax in the consolidated statement of profit or loss and other comprehensive income**

Hong Kong Profits Tax has been prepared at a rate of 16.5% (2017: 16.5%) of the estimated assessable profit for the year.

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

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

### **(ii) Deferred tax assets and liabilities not recognised**

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

## **8. EARNINGS/(LOSS) PER SHARE**

### **Basic earnings/(loss) per share**

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

### **Diluted earnings/(loss) per share**

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

## **9. DIVIDEND**

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

## 10. INTANGIBLE ASSETS

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

### Gaming and Entertainment Business

With effect from 30 June 2017 and on 30 June 2017, the junket representative agreement of Hao Cai and Neptune Ouro Profit Agreements were terminated and accordingly, impairment loss of intangible assets of approximately HK\$211,347,000 was charged for the year ended 30 June 2017.

The junket representative agreement of Hou Wan Profit Agreement was terminated with effect on 30 August 2017 and the carrying amount of such profit agreement as at 30 June 2017 represented the total rolling income for two months ended 30 August 2017 of approximately HK\$10,338,000. An impairment loss of intangible assets of approximately HK\$142,535,000 was therefore charged for the year ended 30 June 2017.

Due to the terminations of the underlying junket representative agreements of Hao Cai, Neptune Ouro and Hou Wan Profit Agreements, the directors reassessed the useful life of Hoi Long Profit Agreement during the year ended 30 June 2017. After the assessment, the directors considered that the useful life should be revised from 4.75 years to 10 months ended 28 April 2018. As at 30 June 2017, the recoverable amount of Hoi Long Profit Agreement was determined at HK\$55,000,000 and an impairment loss of HK\$43,429,000 was charged for the year ended 30 June 2017. Amortisation charges of approximately HK\$55,000,000 in respect of the above was charged for the year ended 30 June 2018.

On 28 May 2018, the directors reassessed the recoverable amount and useful life of Hoi Long Profit Agreement in view of the renewal of junket representative agreement between the junket operator and the casino operator for a period of 9 months ending 31 January 2019. The recoverable amount of Hoi Long Profit Agreement is determined based on value-in-use calculations by reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuer. These calculations use cash flow projections based on financial budgets approved by the directors of the Company covering a 9-month period. The cash flows are discounted using a discount rate of 17.42%. The discount rate used is pre-tax and reflects specific risks relating to the gaming and entertainment segment. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which have included budgeted revenue from sharing of profit streams from the junket businesses, and such estimation is based on the past performance and management's expectation for the market development. The recoverable amount of Hoi Long Profit Agreement on 28 April 2018 was estimated at HK\$49,800,000 and a reversal of impairment loss of an equivalent amount was recognised for the year ended 30 June 2018. Amortisation charge of approximately HK\$11,067,000 in respect of the above was charged for the year ended 30 June 2018.

### **Hotel Operations**

On 26 June 2017, Harbour Bay Hotels Limited ("Harbour Bay") entered into a deed of lease and a supplemental deed of lease with 5-year lease term ending on 30 April 2022 with Ever Praise Enterprises Limited ("Ever Praise"). On 26 June 2017, the Group acquired 100% entire equity interest in Harbour Bay and 30% entire equity interest in Ever Praise. A lease benefit relates to the favourable aspect of the 5-year lease was identified as intangible asset with a definite useful life of 5 years ending on 30 April 2022. The fair value of the lease benefit was initially valued by income approach with a discount rate of 9.01%.

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

## 11. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

Reconciliation of allowance for trade receivables:

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

In September 2016, the Group entered into various agreements with trade debtors pursuant to which (i) the trade debtors agreed to settle the overdue trade receivables of HK\$517,470,000 by monthly installments commencing from October 2016; (ii) the trade debtors and owners of the trade debtors charged all the undertaking properties, assets and rights of the gaming promoters to the Group; and (iii) the owners of the trade debtors guaranteed the full repayments of the outstanding amounts by the trade debtors.

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

Subsequent to 30 June 2018 and up to the date of approval of these financial statements, the trade debtors made a total payments of HK\$25,810,000 to the Group. Trade debtors procured several independent third parties to charge their properties located in Macau to the Group as securities for repayment of the overdue trade debtors. Together with the fair value of the properties as at 30 June 2018 that used to secure the unsettled trade debtors, the directors considered that the outstanding trade debtors of HK\$65,787,000 would be recoverable in full. A reversal of impairment loss of HK\$42,000,000 was therefore made for the year ended 30 June 2018.

The trade receivables were denominated in Hong Kong dollars.

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



The aged analysis of these trade receivables is as follows:

	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Up to 3 months	–	15,992
3 to 6 months	–	–
6 to 12 months	–	–
Over 12 months	–	28,040
	<u>–</u>	<u>28,040</u>
	<u>–</u>	<u>44,032</u>

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

## 12. LOANS RECEIVABLE

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

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

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

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

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

The loans receivable above were denominated in Hong Kong dollars.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The Company's auditor has issued a qualified opinion on the Group's consolidated financial statements for the year ended 30 June 2018, an extract of which is as follows:

### **Qualified Opinion**

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

### **Basis for Qualified Opinion**

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

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

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

### **SCOPE OF WORK OF RSM HONG KONG ON THIS PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and the related notes thereto for the year ended 30 June 2018 as set out in the preliminary announcement have been agreed by the auditor, RSM Hong Kong, to the amounts set out in the audited consolidated financial statements of the Group for the year ended 30 June 2018. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

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

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

#### Gaming and Entertainment Business

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

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

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

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

As at the date of this annual announcement, the remaining Junket Operator is currently operating junket businesses in relation to a total of 8 VIP tables in the casino of Grand Lisboa. So far as the directors of the Board (the “Directors”) are aware, and having made reasonable enquiries, the Junket Operator is carrying out its business in the usual and ordinary manner. The Group would continue to monitor closely the performance of the Junket Operator and it is intended to continue to engage in the gaming sector in Macau through the Junket Operator.

### **Money Lending Business**

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

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

### **Hotel Operations Business**

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

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

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

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

- (i) The Group recorded a substantial increase in revenue of approximately HK\$23.3 million contributed by the hotel operations business for the year ended 30 June 2018 as compared with that for the year ended 30 June 2017 of approximately HK\$236,000, which is primarily due to the full-year effect of revenue contributed by the hotel operation business as the completion of the acquisition of the entire equity interest in Harbour Bay Hotels Limited took place on 26 June 2017, upon which it became a wholly owned subsidiary of the Company and its financial results has been consolidated into the consolidated financial statements of the Group;
- (ii) The Group recorded a revenue contributed by money lending business of HK\$15.7 million, which represents a considerable increase in revenue during the year ended 30 June 2018 as compared with that for the year ended 30 June 2017. The substantial increase is mainly attributable to the expansion of the money lending business.
- (iii) The Group recorded the reversal of impairment losses of trade receivables of approximately HK\$42 million for the year ended 30 June 2018 mainly attributable to the settlements made by the trade debtors.
- (iv) The Group recorded the impairment losses of intangible assets of approximately HK\$397.3 million for the year ended 30 June 2017. Such impairment losses of intangible assets were attributable to the receipt of termination notices by the Junket Operators on 31 May 2017 and 31 July 2017 as described above, whereas a reversal of impairment losses of intangible assets of \$49.8 million was recorded for the year ended 30 June 2018 upon the renewal of junket representative agreement between the junket operator and the casino operator for a period of 9 months ending 31 January 2019.
- (v) The Group recorded an amortisation of intangible assets of HK\$76.4 million in respect of the Gaming and Entertainment Business for the year ended 30 June 2018 as compared with that of HK\$108.6 million for the previous financial year, which is due to the cessation of profit stream from profit sharing arrangements in the previous financial year.

- (vi) A turnaround from share of loss of an associate of HK\$13,000 for the year ended 30 June 2017 to share of profit of an associate of HK\$7.5 million for the year ended 30 June 2018, which is principally attributable to the full-year effect of share of profit of Ever Praise Enterprises Limited which only became an associated company of the Group in late June 2017.
- (vii) A one-off loss on disposal of an associated company of approximately HK\$62.9 million recorded for the year ended 30 June 2017 whereas there is no disposal of an associated company during the year ended 30 June 2018.

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

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

## **FUNDING AND TREASURY POLICY AND FOREIGN EXCHANGE RISK**

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

## **CAPITAL STRUCTURE**

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

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

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

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



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

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

### **PLEDGE OF GROUP'S ASSETS**

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

### **CONTINGENT LIABILITIES**

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK\$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK\$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the year ended 30 June 2018, there has been no significant progress.

### **NUMBER OF EMPLOYEES AND REMUNERATION POLICIES**

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

### **BUSINESS OVERVIEW**

As disclosed in the annual report of the Company for the year ended 30 June 2017, the Gaming and Entertainment Business accounted for the majority of the total revenue of the Group. In 2017 and 2018, Macau's gaming industry is enjoying an improvement following a recession in the previous years, especially during 2015 and 2016. According to the monthly statistics published on a monthly basis by the Gaming Inspection and Coordination Bureau, the gaming turnover has been steadily improving and recorded an increase of approximately 19.8% for the year ended 30 June 2018 compared to that for the year ended 30 June 2017. On one hand, taking into account the expected increase in the number of gaming customers due to better transport links upon the completion of Hong Kong-Zhuhai-Macau Bridge and Macau light rail, it is expected that the



improvement will continue. On the other hand, the development may be restrained by the economic status of mainland China in light of the recent escalating US-China trade and renminbi weakness, which plays a crucial role in contributing to the performance of gaming industry in Macau. Although the influx of gaming customers will bring about a development in the Macau gaming industry in the near future, caution must be taken in respect of China's economy, which may affect the return of the Macau gaming industry.

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

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

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

### **Corporate Governance and other information**

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. An effective system of corporate governance requires that the Board approves strategic direction, monitors performance to exercise our stewardship responsibilities with due skill and care.

### **Compliance with the Corporate Governance Code**

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

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 30 June 2018.

### **Compliance with the model Code for Securities transactions by directors of the Company**

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regulating directors’ dealings in securities of the Company. In response to specific enquiries made, all directors of the Company have confirmed compliance with such code in their securities dealings throughout the accounting period covered by this report.

### **Audit Committee review**

The audit committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statement for the year ended 30 June 2018 and was of the opinion that the preparation of such final results compiled with the applicable accounting standards and requirements that adequate disclosure have been made. All of the audit committee members are independent non-executive directors, with Mr. Cheung Yat Hung Alton (Chairman of the audit Committee) and Mr. Yue Fu Wing possessing the appropriate professional qualification and accounting and related financial management expertise and Miss Yeung Hoi Ching.

The Group’s annual results for the year ended 30 June 2018 has been reviewed by the audit committee. It has also discussed and reviewed accounting, internal controls and financial reporting matters of the Group.

### **Remuneration Committee**

The remuneration committee comprises two independent non-executive directors, namely Mr. Cheung Yat Hung (Chairman), Mr. Yue Fu Wing and one non-executive director, Mr. Nicholas J. Niglio.

### **Nomination Committee**

The Company has established a nomination committee. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing directors of the Company.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES**

During the year, neither the Company nor any its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This result announcement is published on the website of the Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company's website (<http://www.richgoldman.com.hk>). The annual report of the Company for the year ended 30 June 2018 containing all information required by the Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

By Order of the Board of  
**Rich Goldman Holdings Limited**  
**Danny Xuda Huang**  
*Chairman*

Hong Kong, 21 September 2018

*As at the date of this announcement the Board comprises Mr. Danny Xuda Huang (Chairman), Mr. Lin Chuen Chow Andy and Miss So Wai Yin as executive directors; Mr. Nicholas J. Niglio as the non-executive director; and Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Miss Yeung Hoi Ching as the independent non-executive directors.*