金粵控股有限公司

Rich Goldman Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

ANNOUNCEMENT OF CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

The board (the "Board") of directors (the "Directors") of Rich Goldman Holdings Limited (the "Company") presents the consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2020 together with the comparative figures as follow:

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	*3*	**53,925**	119,807
Cost of services provided		**(7,216)**	(14,787)
Other income	*4*	**4,923**	5,819
Other gains and losses	*5*	**582**	2,668
Amortisation of intangible assets	*11*	**(23,786)**	(53,293)
Fair value (loss)/gain on investment properties	*10*	**(13,000)**	400
Impairment loss on goodwill		**(2,644)**	–
Impairment loss on property, plant and equipment		**(64,962)**	–
Reversal of impairment losses on intangible assets	*11*	**–**	37,000
Reversal of impairment losses on trade receivables, net		**7,650**	2,003
Reversal of impairment losses on loans receivable and interest receivables, net		**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	*7*	**(2,336)**	(4,322)
(Loss)/profit and total comprehensive income for the year	*6*	**(81,176)**	91,643

	Note	**2020**	2019
		HK$'000	*HK$'000*
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	*8*		
– Basic		**(0.07)**	0.05
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**473,049**	561,336
Investment properties	*10*	**138,000**	151,000
Intangible assets	*11*	**–**	23,786
Goodwill		**–**	2,644
Deferred tax assets	*7(ii)*	**1,439**	225
Financial assets at fair value through profit or loss	*12*	**31,492**	52,671
Loans receivable	*13*	**1,356**	140,000
		645,336	931,662
Current assets			
Trade and other receivables	*14*	**1,087**	14,852
Loans receivable and interest receivables	*13*	**418,885**	173,012
Bank and cash balances		**159,997**	84,161
		579,969	272,025
Current liabilities			
Other payables		**3,357**	4,083
Current tax liabilities	*7(i)*	**5,874**	7,783
		9,231	11,866
Net current assets		**570,738**	260,159
NET ASSETS		**1,216,074**	1,191,821
Capital and reserves			
Share capital	*15*	**1,317,736**	1,171,921
Reserves		**(125,204)**	(39,499)
Equity attributable to owners of the Company		**1,192,532**	1,132,422
Non-controlling interests		**23,542**	59,399
TOTAL EQUITY		**1,216,074**	1,191,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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 of Hong Kong Limited (the "Stock Exchange") and with the requirements of the Hong Kong Companies Ordinance (Cap. 622).

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 2 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.

The financial information relating to the financial years ended 30 June 2020 and 2019 included in this preliminary announcement of annual results for the year ended 30 June 2020 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 30 June 2019, 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 2019 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 2020 in due course.

The Company's auditor has reported on the financial statements of the Group for the both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. 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.

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.

3. REVENUE AND SEGMENT INFORMATION

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

The Group has four operating segments as follows:

(i) 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");

(ii) Money lending business;

(iii) Hotel operations; and

(iv) Property leasing.

(a) Segment revenue and results

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

	Gaming and Entertainment Business *HK$'000*	Money lending business *HK$'000*	Hotel operations *HK$'000*	Property leasing *HK$'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)**

	Gaming and Entertainment Business	Money lending business	Hotel operations	Property leasing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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 of acquisition of a subsidiary					12,209
Unallocated expenses					(11,458)
Profit before tax					95,965

(b) Segment assets and liabilities

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

	Gaming and Entertainment Business *HK$'000*	Money lending business *HK$'000*	Hotel 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	Money lending business	Hotel operations	Property leasing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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 fair value through profit or loss ("FVTPL") and bank and cash balances.

Unallocated corporate liabilities mainly represent other payables and current tax liabilities.

(c) Geographical segments

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

The Group's non-current assets include property, plant and equipment, investment 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		**Non-current assets**	
	Year ended 30 June		**As at 30 June**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'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

4. OTHER INCOME

	2020	2019
	HK$'000	*HK$'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 to 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.

5. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'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

6. (LOSS)/PROFIT FOR THE YEAR

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

	2020	2019
	HK$'000	*HK$'000*
Staff costs (including Directors' emoluments):		
Salaries, bonuses and allowances	**9,480**	9,373
Retirement benefit scheme contributions	**314**	345
	9,794	9,718
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

7. INCOME TAX

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

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.

(ii) Deferred tax assets and liabilities not recognised

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 HK$10,541,000 (2019: HK$10,541,000) due to the unpredictability of future profits streams. Tax losses may be carried forward indefinitely.

8. 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.

9. DIVIDEND

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

10. 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**

11. 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

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% entire 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.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	*HK$'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.

13. LOANS RECEIVABLE AND INTEREST RECEIVABLES

	2020	2019
	HK$'000	*HK$'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

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

	2020	2019
	HK$'000	*HK$'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	2019
	HK$'000	*HK$'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.

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

	Stage 1 – 12-month expected credit losses ("ECL")		
	Loans receivable	**Interest receivables**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2018	–	–	–
Impact of adoption of HKFRS 9	1,347	8	1,355
At 1 July 2018 as restated	1,347	8	1,355
New loans originated	60	1	61
Loans repaid during the year	(61)	(1)	(62)
Reversed during the year	(578)	(2)	(580)
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.

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.

14. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables from Gaming and Entertainment Business	**–**	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

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	2019
	HK$'000	*HK$'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	2019
	HK$'000	*HK$'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.

15. SHARE CAPITAL

	Number of shares	Amount
	'000	*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 open 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 was 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.

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.

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 cessation of the cooperation with a junket operator, which had decided not to seek an extension of its collaboration contract with the casino operator of Grand Lisboa upon expiry 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 parties 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 announcement, 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.

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 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.

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.

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.

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.

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 28. 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.

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 safeguard the 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 is committed to the maintenance of good corporate governance practices and procedures. The Corporate Governance principles of the Company emphasizes 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 (the "Listing Rules") throughout the year ended 30 June 2020, except that Mr. Lin Chuen Chow Andy is both the Chairman and Chief Executive of the Group with effect from 24 July 2019, which deviated from code provision A.2.1 of the CG Code stipulating that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Board is of the opinion that the arrangement will enhance 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.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

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 announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") and adopted the written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and approve the Group's financial reporting process, risk management and internal control system. The Audit Committee comprises all independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton (chairman of the Audit Committee), Mr. Yue Fu Wing and Ms. Yeung Hoi Ching.

The Group's results for the year ended 30 June 2020 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee recommended the Board to adopt the same.

REMUNERATION COMMITTEE

The remuneration committee comprises two independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton (chairman of the remuneration committee), 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. The nomination committee comprises one executive Director, Mr. Lin Chuen Chow Andy (chairman of the nomination committee), and two independent non-executive Directors, Mr. Cheung Yat Hung, Alton and Mr. Yue Fu Wing.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 30 June 2020 (2019: nil).

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 and the related notes thereto for the year ended 30 June 2020 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 2020. 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 HKICPA and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.richgoldman.com.hk). The annual report of the Company for the year ended 30 June 2020 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
Rich Goldman Holdings Limited
Lin Chuen Chow Andy
Chairman

Hong Kong, 30 September 2020

* *for identification purposes only*

As at the date of this announcement, the Board comprises Mr. Lin Chuen Chow Andy and Ms. So Wai Yin as executive Directors; Mr. Nicholas J. Niglio as non-executive Director; and Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Ms. Yeung Hoi Ching as independent non-executive Directors.