金粵控股有限公司

Rich Goldman Holdings Limited

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

ANNUAL REPORT 2021

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lin Chuen Chow Andy *(Chairman)*
Ms. So Wai Yin (resigned on 20 October 2020)
Mr. Lam Yick Man (appointed on 6 July 2021)

Non-executive Director

Mr. Nicholas J. Niglio

Independent Non-executive Directors

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

COMPANY SECRETARY

Ms. So Hei Lu

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Lin Chuen Chow Andy *(Chairman)*
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing

AUTHORISED REPRESENTATIVES

Mr. Lin Chuen Chow Andy
Ms. So Wai Yin (resigned on 20 October 2020)
Ms. So Hei Lu (appointed on 20 October 2020)

REGISTERED OFFICE

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

COMPANY WEBSITE

www.richgoldman.com.hk

AUDITOR

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

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
Macau Branch

SHARE REGISTRAR AND TRANSFER OFFICE

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

E-MAIL

enquiry@richgoldman.com.hk

STOCK CODE

00070

BOARD LOT

10,000 Shares

Group Financial Summary

A summary of the results and of the assets and liabilities of Rich Goldman Holdings Limited (the "Company" together with its subsidiaries, the "Group") for the last five financial years is set out below.

RESULTS

	Year ended 30 June				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021 HK$'000**
Revenue	296,797	130,484	119,807	53,925	**51,065**
(Loss)/profit attributable to owners of the Company	(10,153)	39,009	42,579	(85,705)	**(30,356)**
			(Restated)		
(Loss)/earnings per share (HK$)					
– Basic	(0.01)	0.06	0.05	(0.07)	**(0.02)**
– Diluted	N/A	N/A	N/A	N/A	**N/A**

ASSETS AND LIABILITIES

	At 30 June				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021 HK$'000**
Property, plant and equipment	70,573	68,023	561,336	473,049	**431,656**
Investment properties	–	–	151,000	138,000	**137,500**
Investment in an associate	81,116	88,671	–	–	**–**
Intangible assets	73,838	45,533	23,786	–	**–**
Goodwill	2,644	2,644	2,644	–	**–**
Financial assets at fair value through profit or loss	–	–	52,671	31,492	**31,488**
Loans receivable	–	124,000	140,000	1,356	**10,546**
Other non-current assets	426	–	225	1,439	**151**
Net current assets	1,156,419	898,168	260,159	570,738	**562,779**
Non-current liabilities	(1,403)	(1,122)	–	–	**(3,378)**
Total assets less total liabilities	1,383,613	1,225,917	1,191,821	1,216,074	**1,170,742**
Net assets	1,383,613	1,225,917	1,191,821	1,216,074	**1,170,742**
Share capital and other statutory capital reserve	1,171,921	1,171,921	1,171,921	1,317,736	**1,317,736**
Reserves	(119,955)	(80,947)	(39,499)	(125,204)	**(155,560)**
Equity attributable to owners of the Company	1,051,966	1,090,974	1,132,422	1,192,532	**1,162,176**
Non-controlling interests	331,647	134,943	59,399	23,542	**8,566**
Total equity	1,383,613	1,225,917	1,191,821	1,216,074	**1,170,742**

Management Discussion and Analysis

RESULTS

The board (the "Board") of directors (the "Directors") of the Company announced that the net loss of the Group for the year ended 30 June 2021 amounted to approximately HK$22.0 million (for the year ended 30 June 2020: approximately HK$81.2 million) and the net loss for the year attributable to owners of the Company amounted to approximately HK$30.4 million (loss per share of approximately HK$0.02), as compared to that for the year ended 30 June 2020 of approximately HK$85.7 million (loss per share of approximately HK$0.07).

BUSINESS REVIEW

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

During the year ended 30 June 2021, the Group's revenue of approximately HK$51.1 million decreased by 5.2% as compared to that of approximately HK$53.9 million for the year ended 30 June 2020. The Group recorded a loss for the year of approximately HK$22.0 million, as compared to that of approximately HK$81.2 million for the year ended 30 June 2020. The aforesaid loss for the year ended 30 June 2021 was decreased by approximately HK$59.2 million as compared to that for the year ended 30 June 2020 primarily attributable to (i) the impairment loss on the properties held by the Group, which are classified as property, plant and equipment, was decreased by approximately HK$43.7 million for the year ended 30 June 2021 as compared to that for the year ended 30 June 2020; (ii) absence of amortisation of intangible assets from the Group's Gaming and Entertainment Business as compared to that of approximately HK$23.8 million for the year ended 30 June 2020; and (iii) fair value loss of the Group's investment properties was decreased by approximately HK$12.5 million for the year ended 30 June 2021 as compared to that for the year ended 30 June 2020. The above was partially offset by (i) absence of reversal of impairment losses on trade receivables from the Group's Gaming and Entertainment Business as compared to that of approximately HK$7.6 million for the year ended 30 June 2020; (ii) the increase in the Group's administrative expenses of approximately HK$5.3 million as compared to that for the year ended 30 June 2020, primarily as a result of the expansion of the Group's money lending business during the year ended 30 June 2021; and (iii) the increase in the Group's income tax expense of approximately HK$6.1 million as compared to that for the year ended 30 June 2020.

The Group will continue to focus on its established diversification strategy facing the great uncertainty over the pandemic and recovery of economy. The Directors are cautiously optimistic and convince that the Group will soonest get through the plight with its strategy and achieve sustainable growth in long run.

Gaming and Entertainment Business

The Group generated revenue from commission on rolling turnover of the Gaming and Entertainment Business of approximately HK$19.6 million for the year ended 30 June 2021 as compared to that of approximately HK$21.8 million for the year ended 30 June 2020.

Following the cessation of the cooperation with a junket operator in Macau, 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 entered into a conditional joint venture agreement with independent third parties to explore the junket business in the Philippines on 27 April 2020. On 30 December 2020, all the conditions precedent under the joint venture agreement have been fulfilled and the transaction contemplated under the joint venture agreement has completed. The Gaming and Entertainment Business resumed since 1 January 2021.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Gaming and Entertainment Business (Continued)

Due to the prolonged social distancing and travel restriction measures imposed by the government of Manila amid the Coronavirus pandemic, the Gaming and Entertainment Business had been undermined to certain extent. Furthermore, with more stringent local compliance requirements and intense market competition in the industry, it is expected that the business environment will become more and more challenging. In order to cope with such declining trend, the Group has been actively diversifying its businesses and conducting strategic transformation from a gaming-reliance company to a conglomerate focusing on money lending, hotel operations and property leasing.

Money Lending Business

As one of the key segments of the Group's diversifying strategy over the income streams, its money lending business had been distributed increasing amount of funds for its expansion. The Group continues to offer flexible and competitive loan packages to enlarge its customer base during the year. The loans receivable as at 30 June 2021 amounted to approximately HK$107.6 million, representing a decrease of approximately HK$312.4 million as compared to that of approximately HK$420.0 million as at 30 June 2020 due to the repayment of two mortgage loans of approximately HK$316.0 million during the year. The interest income generated for the year ended 30 June 2021 amounted to approximately HK$25.9 million, representing an increase of approximately HK$2.0 million as compared to that of approximately HK$23.9 million generated for the year ended 30 June 2020. The Company provides diversified loan services such as personal loan, mortgage loan, property owner loan, balance transfer and revolving credit. During the year, the Company broke through the traditional framework of money lending business and launched an online lending platform with smart technology to provide customers with brand-new loan experience. According to their personal preferences and schedule, customers can opt to either complete the entire loan application through the Company's online platform, or visit the Company's office in person and withdraw cash instantly.

As at the date of this report, the Company has over 100 customers and the loans receivables was approximately HK$82.2 million. There was a decrease in loans receivables of approximately HK$25.4 million as compared to that as at 30 June 2021 due to the repayment of a mortgage loan of approximately HK$42.0 million after the year ended 30 June 2021, which was partially offset by recent loans granted of approximately HK$19.1 million. The Company is one of the members of TransUnion. By referencing to customers' credit report, having internal guidelines and credit review policies in place, the Company manages to maintain a low default rate.

With strong financial capability and effective management, the Group has both the potential and ability to further expand its money lending business and broaden its customer base with increased loan products and integration of Fin Tech elements. Despite the economic uncertainty in Hong Kong, the Board considers that the money lending market in Hong Kong has good business prospect, and the money lending business will become the pillar business of the Group.

Hotel Operations Business

Hotel operations business is another segment of the Group with an aim to diversify the income stream. With the huge drop in the number of visitors resulting from the Coronavirus pandemic since 2020, the occupancy rate of the hotel remained low.

The Group recorded a loss before taxation from the hotel operations business amounted to approximately HK$40.2 million for the year ended 30 June 2021, representing an improvement when compared to that for the year ended 30 June 2020 of approximately HK$88.9 million, and was mainly attributable to the reduction in impairment loss made for the year on property, plant and equipment of approximately HK$43.7 million due to slight decrease in fair value of the hotel property.

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

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Property Leasing Business

The hotel property is mainly used for the hotel operations business of the Group, leaving the shops on the ground floor of the hotel property leased to independent third parties so as to generate another source of income stream for the Group. The underlying loss before taxation from the property leasing business amounted to approximately HK$18,000 for the year ended 30 June 2021 as compared to that for the year ended 30 June 2020 of approximately HK$11.8 million, which was primarily due to the decrease in fair value loss on investment properties of approximately HK$12.5 million.

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

There was no material change in the capital structure of the Group from that disclosed in the annual report for the year ended 30 June 2020. As at 30 June 2021, the total number of issued shares of the Company was approximately 1,938,823,000 (as at 30 June 2020: 1,938,823,000 shares).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had net current assets of approximately HK$562.8 million as at 30 June 2021 (as at 30 June 2020: approximately HK$570.7 million). The total cash and bank balances were approximately HK$463.6 million as at 30 June 2021 as compared to that of approximately HK$160.0 million as at 30 June 2020. The Group has currently no other external funding source, and therefore resulting no borrowings as at 30 June 2021 (as at 30 June 2020: HK$nil).

The total equity attributable to owners of the Company as at 30 June 2021 amounted to approximately HK$1,162.2 million (as at 30 June 2020: approximately HK$1,192.5 million).

As at 30 June 2021, the total liabilities amounted to approximately HK$10.4 million (as at 30 June 2020: approximately HK$9.2 million), comprising current tax liabilities of approximately HK$4.2 million, other payables of approximately HK$2.8 million and deferred tax liabilities of approximately HK$3.4 million. The gearing ratio, calculated on the basis of total debts over total equity attributable to owners of the Company was HK$nil as at 30 June 2021 (as at 30 June 2020: HK$nil).

PLEDGE OF ASSETS

As at 30 June 2021, none of the Group’s leasehold land and buildings has been pledged as collateral (as at 30 June 2020: HK$nil).

Management Discussion and Analysis

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

On 18 June 2021, the Company as purchaser, Power Able International Holdings Ltd. and Original Praise Investment Development Ltd. as vendors (the "Vendors") and Mr. Wang Chi Hung and Ms. Chau Lan Yan as the Vendors' guarantors entered into the sale and purchase agreement, pursuant to which the Company conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the 51% of the issued share capital of Fast Advance Resources Limited (the "Target Company") at an aggregate initial consideration of HK$74,220,000. The principal asset of the Target Company and its subsidiaries (collectively, the "Target Group") is the relevant land use rights and building ownership relating to the properties situated at the north side of Jinyan Road, Pudong New District, Shanghai, the PRC* (中國上海市浦東新區錦延路北側), 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) and the valuation of which amounted to RMB492,700,000 (equivalent to approximately HK$591,240,000) as at 30 June 2021. Upon completion (i.e., on or before 30 September 2021), the Target Company will become a non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the enlarged group.

For details, please refer to the Company's announcements dated 22 September 2020, 18 June 2021, 23 June 2021 and 30 August 2021; and the Company's circular dated 24 September 2021.

IMPORTANT EVENTS AFTER THE YEAR END

For details of the Company's material acquisition after the year end, please refer to the paragraph headed "Significant investment, material acquisitions and disposals of assets" in this management discussion and analysis.

CONTINGENT LIABILITIES

The Company did not have any material contingent liabilities as at 30 June 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed above, the Group does not have any solid plans for material investments or acquisition of capital assets as at the date of this annual report. The Group continues to seek appropriate investment opportunities which are in line with the Group's strategy.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the total number of employees of the Group was 43. The emolument policy regarding the Directors, senior management and other employees of the Group was formulated and is 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 prevailing market conditions. Other benefits to employees include mandatory provident funds, medical insurance coverage, share option scheme and retirement scheme.

* *for identification purposes only*

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lin Chuen Chow Andy, aged 46, was appointed as an executive Director and the chairman of the Board of the Company on 30 November 2012 and 24 July 2019, respectively. Mr. Lin obtained a Bachelor Degree of Arts (Hons) Business Management Degree from the University of Wales. He is currently an affiliate member of Hong Kong Securities and Investment Institute. He has also passed the Estate Agents Qualifying Examination of the Estate Agents Authority and has obtained an Estate Agent's License (Individual). He is currently the chief executive officer of the Company and is a veteran in gaming industry who has managed gaming business in Macau, particularly in customer relationship management. Prior to joining the Company, he had worked in the Administration Department of the Hong Kong Exchanges and Clearing Limited for a period of more than 13 years.

Mr. Lam Yick Man, aged 42, has over 16 years of extensive professional experience in the fields of accounting, finance and auditing. Prior to joining the Company, he worked as a deputy financial controller of a private money lending company. He once served as the financial controller, the company secretary and also an authorised representative of the Company (as required under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) for the period from 1 February 2017 to 2 August 2018. He also worked for international accounting firms and other listed companies in Hong Kong with experience in real estate and finance industry.

Mr. Lam has been appointed as an independent non-executive director of China Overseas Nuoxin International Holdings Limited (Stock Code: 00464), a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), since 10 April 2019.

Mr. Lam holds a Master degree in Corporate Governance with distinction from The Hong Kong Polytechnic University and a Bachelor degree in Business Administration from Lingnan University. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants, an ordinary member of Hong Kong Securities and Investment Institute, an associate member of The Chartered Governance Institute and an associate member of The Hong Kong Chartered Governance Institute. He has also been awarded a Diploma in Certified International Investment Analyst from the Association of Certified International Investment Analysts.

NON-EXECUTIVE DIRECTOR

Mr. Nicholas J. Niglio, aged 74, was appointed as an executive Director on 3 September 2007 and re-designated from an executive Director to a non-executive Director on 2 August 2018. He has over 25 years varied background in gambling focused entertainment field dating back to 1983. Throughout all these years, he versed himself in management of all kinds of gaming activities and has proven success of his accomplishments.

Prior to his current position, Mr. Niglio previously was Executive Vice President of Trump Taj Mahal Casino Resort, Inc. Atlantic City NJ, ("Trump") serving as senior executive in Casino marketing and international operation, from October 1993 to August 2001, he originally joined Trump in October 1993 as Executive Vice President to oversee all operational and administrative management of marketing program. Regional offices including Asia, Middle East, Europe and Latin America were under all his management.

Mr. Niglio worked at Caesars World Inc., Atlantic City NJ from 1986 to 1993 in such capacities as Senior Vice President Eastern Operation and Vice President Casino Operations of Caesars Palace. He worked at Caesars in such capacities to develop casino marketing operation in all aspect and to train up staff to raise the level of customer service.

Mr. Niglio was also a senior executive holding the position of Vice President Casino Marketing and director of Casino Administration in Resort International Hotel and Casino, Atlantic City NJ from 1978 to 1986.

Mr. Niglio graduated from the California State University with a Master degree in business administration, a B.S. degree in accounting from Saint Peter's College, Jersey City NJ.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Yat Hung, Alton, aged 58, was appointed as an independent non-executive Director and a member of the audit committee of the Company on 5 June 2007. He has over 20 years of business experience and is an elite of automobile dealer industry.

He is also currently a director and chairman of both POC Holdings (HK) Ltd and Foremostar Easymax Group Co. Ltd, private companies which are mainly engaged in real estates development in Shanghai and Nanchang, respectively.

He graduated from California College of Arts and Craft, Berkeley, USA holding a Bachelor degree major in faculty of communication and fine arts. He now also has a full membership of Royal Hong Kong Yacht Club and The Hong Kong Jockey Club.

Mr. Yue Fu Wing, aged 53, was appointed as an independent non-executive Director and a member of the audit committee of the Company on 15 January 2005. Mr. Yue is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has a Master Degree in PRC Accounting from Jinan University in China and a Bachelor Degree in Accountancy from the City University of Hong Kong. Mr. Yue has over 10 years of experience in accounting and finance. He has worked for a multinational company, a Hong Kong listed company and an international accounting firm.

Ms. Yeung Hoi Ching, aged 39, was appointed as an independent non-executive Director and a member of the audit committee of the Company on 1 April 2017. She was graduated from the University of Heriot Watt with a Bachelor degree in Business Administration in November 2011. Ms. Yeung commenced her career in finance field in 2011 when she served as an administration manager of a finance company and was responsible for monitoring the business operation of the company. In 2013, Ms. Yeung joined and worked for another finance company as an operation manager. She has over 6 years of experience in finance and its related business.

SENIOR MANAGEMENT

Ms. So Hei Lu joined the Company as Financial Controller on 14 May 2020 and was appointed as the company secretary of the Company with effect from 15 June 2020. She holds a bachelor's degree of business administration in accounting awarded by the City University of Hong Kong. She is also a member of Hong Kong Institute of Certified Public Accountants. Ms. So has over 7 years of experience in auditing and accounting. Prior to joining the Group, she worked at an international accounting firm in Hong Kong.

Mr. Yip Hoi Lung has joined the Company as the Director of Technology & Innovation since 21 September 2020. He has been appointed as a director of Top Vast Finance Limited, a subsidiary of the Company principally engaged in money lending business, and the Chief Operating Officer of the Company on 8 March 2021 and 1 June 2021, respectively. Mr. Yip graduated from The Hong Kong Polytechnic University with a Bachelor Degree of Engineering in Product Engineering with Marketing. He has over 8 years of experience in project development, financial services and its related business. Prior to joining the Group, he worked in a virtual bank in Hong Kong.

Corporate Governance and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Board is committed to the maintenance of good corporate governance practices and procedures. An effective system of corporate governance requires the Board to approve strategic direction, monitor performance to exercise its stewardship responsibilities with due skill and care.

Save as disclosed below, the Board has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules throughout the year ended 30 June 2021.

Continuous efforts are made to review and enhance the Groups internal controls and procedures in light of changes in regulations and development in best practices.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has developed its own securities trading code for securities transactions (the "Company Code") by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). In response to specific enquiries made, all Directors have confirmed their compliance with the Company Code and, therefore, with the Model Code throughout the year ended 30 June 2021 and up to the date of this annual report.

Corporate Governance and Other Information

BOARD AND BOARD COMMITTEES COMPOSITION

The following changes were made to the composition of the Board and the Board Committees during the year ended 30 June 2021.

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

	Details of Change
Executive Directors	
Mr. Lin Chuen Chow Andy *(Chairman)*	
Ms. So Wai Yin	Resigned on 20 October 2020
Mr. Lam Yick Man	Appointed on 6 July 2021
Non-executive Director	
Mr. Nicholas J. Niglio	
Independent Non-executive Directors	
Mr. Cheung Yat Hung, Alton	
Mr. Yue Fu Wing	
Ms. Yeung Hoi Ching	

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

Director	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Lin Chuen Chow Andy	–	–	Chairman
Mr. Nicholas J. Niglio	–	Member	–
Mr. Cheung Yat Hung, Alton	Chairman	Chairman	Member
Mr. Yue Fu Wing	Member	Member	Member
Ms. Yeung Hoi Ching	Member	–	–

BOARD AND BOARD COMMITTEES COMPOSITION (Continued)

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Directors have no financial, business, family or other material/relevant relationships with one another. The biographical details of the Directors are set out in “Biographical Details of Directors and Senior Management” section of this annual report.

Roles of Chairman and Chief Executive

The Code A.2.1 of the Corporate Governance Practices Code stipulates that the roles of chairman of the Board (the “Chairman”) and chief executive should be separate and should not be performed by the same individual and that the division of responsibilities between the Chairman and the chief executive should be clearly established and set out in writing. During the year ended 30 June 2021, Mr. Lin Chuen Chow Andy is both the Chairman and chief executive of the Company with effect from 24 July 2019. The Board is of the opinion that the arrangement enhances the leadership for managing the Group and enables 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 the Board members being independent non-executive Directors.

Non-executive Director and Independent Non-executive Directors

The non-executive Director has been appointed for a term of three years.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considered all the independent non-executive Directors to be independent. One of the independent non-executive Directors possesses appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.

Responsibilities

The Board determines the overall strategies, monitors and controls operating and financial performance and sets appropriate policies to manage risks in pursuit of the Group’s strategic objectives. Day-to-day management of the Group’s business is delegated to the executive Directors or officer in charge of each division. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

Nomination Policy

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

BOARD AND BOARD COMMITTEES COMPOSITION (Continued)

Board Diversity Policy

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

16 Board meetings and 1 annual general meeting were held during the financial year ended 30 June 2021. Independent non-executive Directors and non-executive Director should attend general meetings and develop a balanced understanding of the views of shareholders. Details of Directors' attendance records are set out below:

		Attendance of
	Board Meetings	Annual General Meeting
Executive Directors		
Mr. Lin Chuen Chow Andy	16/16	1/1
Ms. So Wai Yin (resigned on 20 October 2020)	3/7	N/A
Mr. Lam Yick Man (appointed on 6 July 2021)	N/A	N/A
Non-executive Director		
Mr. Nicholas J. Niglio	16/16	0/1
Independent Non-executive Directors		
Mr. Cheung Yat Hung, Alton	16/16	1/1
Mr. Yue Fu Wing	16/16	1/1
Ms. Yeung Hoi Ching	16/16	0/1

BOARD COMMITTEES

Three Board committees, namely, audit committee, remuneration committee and nomination committee were established under the Board to oversee their functions.

Audit Committee

The audit committee comprises three independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Ms. Yeung Hoi Ching. Mr. Yue Fu Wing possesses appropriate professional qualifications and financial management expertise and meets the requirements of Rule 3.21 of the Listing Rules.

The audit committee has clear terms of reference in compliance with the Corporate Governance Code and is accountable to the Board. It assists the Board in meeting its responsibilities for ensuring an effective system of internal control and risk assessment and in meeting its external financial reporting objectives.

The Group's annual results for the year ended 30 June 2021 has been reviewed by audit committee and audited by the external auditor of the Company, RSM Hong Kong. The audit committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements for the year ended 30 June 2021 and was of the opinion that the preparation of such annual results has compiled with the applicable accounting standards and requirements that adequate disclosure have been made. The audit committee meets, at least twice a year, with external auditor to discuss any area of concern during the audit. The audit committee is mainly responsible for the appointment, reappointment and removal of external auditor, as well as review of the interim and annual results of the Group.

2 audit committee meetings were held during the financial year ended 30 June 2021. Attendance of the members is set out below:

	Attendance of audit committee meetings
Members	
Mr. Cheung Yat Hung, Alton *(Chairman)*	2/2
Mr. Yue Fu Wing	2/2
Ms. Yeung Hoi Ching	2/2

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

– review of the Group's audited consolidated financial statements for the year ended 30 June 2020 and unaudited condensed consolidated financial statements for the six months ended 31 December 2020;

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

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

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

BOARD COMMITTEES (Continued)

Remuneration Committee

The remuneration committee comprises two independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing, and one non-executive Director, Mr. Nicholas J. Niglio. The remuneration committee was established with specific written terms of reference and is principally responsible for reviewing and approving and making recommendations to the Board on the remuneration packages of Directors and senior management, including salaries, bonuses, benefits in kind and the terms on which they participate in any share option schemes. No Directors or senior management will determine his own remuneration.

2 remuneration committee meetings were held during the financial year ended 30 June 2021. Attendance of the members is set out below:

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

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

– determining the remuneration by taking into consideration factors such as salaries paid by comparable companies, time commitment, levels of responsibilities, employment conditions elsewhere in the Group;

– considering and confirming the policy for the remuneration of Directors and senior management; and

– reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

Nomination Committee

The nomination committee comprises one executive Director and two independent non-executive Directors. The nomination committee was established with specific written terms of reference and is principally responsible for reviewing the structure, size and composition of the Board to complement the Company's corporate strategy and to identify individuals suitably qualified to become Board members.

1 nomination committee meeting was held during the financial year ended 30 June 2021. Attendance of the members is set out below:

	Attendance of nomination committee meeting
Members	
Mr. Lin Chuen Chow Andy *(Chairman)*	1/1
Mr. Cheung Yat Hung, Alton	1/1
Mr. Yue Fu Wing	1/1

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

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

– reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and

– assessing the independence of independent non-executive Directors of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties with its written terms of reference as set out below:

– to develop and review an issuer's policies and practices on corporate governance and make recommendations to the Board;

– to review and monitor the training and continuous professional development of Directors and senior management;

– to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

– to review the Company's compliance with the code and disclosure in the corporate governance report.

No corporate governance committee has been established and the corporate governance report has been reviewed by the Board in discharge of its corporate governance function.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the accounts in accordance with disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and applicable Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards. A statement by the external auditor regarding their reporting responsibilities is set out on pages 58 to 59 of this annual report.

The Directors, having made appropriate enquiries, confirm that there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Code B.1.5 of the Corporate Governance Code, the remuneration of Ms. So Hei Lu and Mr. Yip Hoi Lung for the year ended 30 June 2021 is in the range of HK$nil to HK$1,000,000.

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

Corporate Governance and Other Information

AUDITOR'S REMUNERATION

During the year ended 30 June 2021, the remuneration paid and payable to the external auditor of the Company, RSM Hong Kong, is set out below:

Services rendered	Fees paid/payable HK$'000
Statutory audit services	910
Non-audit services	
Accountants' report for major transaction	560
Review of interim results	30
Total auditor's remuneration for the year	**1,500**

INTERNAL CONTROL

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislations and regulations. It provides reasonable, but not absolute, assurance against material misstatement or loss and manages rather than eliminates risks associated with its business activities.

These on-going processes have been in place for the year under review, and are reviewed at least once a year by the audit committee. Furthermore, the Board takes extreme precautionary measures in handling price-sensitive information. Such information is restricted to a need-to-know basis.

The Group has established an internal audit function. The functions of the internal audit team are to review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness.

RISK MANAGEMENT

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains appropriate and effective risk management. The risk management process includes risk identification, risk evaluation, risk management measures and risk control and review.

The Group's business, financial conditions and results may be affected by risk and uncertainties pertaining to the Group's business. Certain significant risks have been identified through the process of risk identification and assessment.

Credit risk refers to the risk that the borrower or counterparty may fail to perform its obligation to pay in a timely manner, or that its ability to perform such obligation may get impaired before delivery date.

The Group's Credit Committee, is responsible for putting in place internal guidelines, credit review policies and procedures of the money lending business.

Corporate Governance and Other Information

TRAINING FOR DIRECTORS

All Directors must keep abreast of their collective responsibilities as Directors and of the business and activities of the Group.

As such, briefings are provided and organised to ensure that newly appointed Directors are familiar with the role of the Board, their legal and other duties and responsibilities as Director, as well as the business and corporate governance practices of the Group. The company secretary of the Company will continuously update all Directors on latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

Pursuant to Code A.6.5 of the Corporate Governance Code, directors of listed company should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. For the period from 1 July 2020 to 30 June 2021, all Directors have participated in appropriate continuous professional development activities by ways of attending trainings or reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

SHAREHOLDERS' RIGHTS

Convene a General Meeting

The Directors, on the requisition of shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a general meeting of the Company.

The requisition must state the reason(s) of convening the meeting and the details of the business(es) proposed to be transacted in the meeting and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form, each signed by one or more requisitionists.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting on a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

Send Enquiries to the Board

The Company's corporate website provides email address, postal address and telephone number by which shareholders of the Company may at any time address their concerns or enquiries to the Board.

Make Proposals at General Meetings

The procedures for proposing resolution(s) to be moved at a shareholders' meeting are as follows:

The shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate; or at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate, may request the Company to give, to members of the Company entitled to receive notice of the annual general meeting, notice of a resolution that may properly be moved and is intended to be moved at that meeting pursuant to Section 615 of the Companies Ordinance (Cap. 622). The request may be sent to the Company in hard copy form or in electronic form and must identify the resolution of which notice is to be given; must be authenticated by the person or persons making it; and must be received by the Company not later than 6 weeks before the annual general meeting to which the request relate; or if later, the time at which notice of that meeting is given.

Corporate Governance and Other Information

Propose a Person for Election as Director

According to the Articles of the Association, no person other than a retiring Director shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless a notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election as a director and also a notice in writing by that person of his willingness to be elected (including the person's biographical details as required by Rules 13.51(2) of the Listing Rules) shall be lodged with the company secretary of the Company at the Company's principal place of business in Hong Kong or the share registrar and transfer office's place of business in Hong Kong provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the dispatch of the notice of the general meeting convened for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

If such notice(s) are received less than ten business days prior to the date of such general meeting, the Company will need to consider the adjournment of such general meeting in order to allow the shareholders fourteen clear days' notice (the notice period must include ten business days (Note).)

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

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognises the importance of maintaining an on-going and timely communication with shareholders to enable them to form their own judgment and to provide constructive feedback.

The primary communication channel between the Company and its shareholders is through the publication of notices, announcements, circulars, interim and annual reports. The Company's share registrar and transfer office serves the shareholders regarding all share registration matters. The Company's annual general meeting provides an important channel for shareholders to exchange views with the Board. Separate resolutions are proposed at general meeting on each substantially separate issue, including the election of individual directors. The Company has also complied with the requirements of the Listing Rules and the Articles of Association in respect of voting by poll and other related matters.

Pursuant to Code E.1.2 of the Corporate Governance Code, the Company will invite representatives of the external auditor to attend the forthcoming annual general meeting to answer the shareholders' enquiries regarding the conduct of the audit, the preparation and content of the auditor's report, accounting policies and auditor's independence.

DIVIDENDS POLICY

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

INVESTOR RELATIONS

There was no change in the Company's constitutional documents during the year. Enquiries from investors are replied with in an informative and timely manner. To enhance effective communication, the Company maintains its corporate website at http://www.richgoldman.com.hk where extensive information is posted.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Rich Goldman Holdings Limited (the "Company"), together with its subsidiaries (collectively referred to as the "Group"), is pleased to present the 2021 Environmental, Social and Governance Report (the "Report") to provide an overview of the Group's management of significant issues affecting the operation, including environmental, social and governance issues. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") – "Environmental, Social and Governance Reporting Guide" and has complied with "comply or explain" provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group – the gaming and entertainment business, money lending business and property leasing business in Hong Kong ("gaming and entertainment, money lending and property leasing business") and hotel operations business in Hong Kong. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken the initiative to formulate policies, record relevant data as well as implement and monitor measures. This Report shall be published both in Chinese and English on the website of the Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail. The board (the "Board") of directors (the "Directors") of the Company confirmed that during the reporting period, the Company complied with the applicable provisions contained in the "Environmental, Social and Governance Reporting Guide" of the Listing Rules.

REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 July 2020 to 30 June 2021.

CONTACT INFORMATION

The Group welcomes your feedback on this Report for the sustainability initiatives. Please contact us by email to enquiry@richgoldman.com.hk.

Environmental, Social and Governance Report

INTRODUCTION

The Group is principally engaged in investment holding, with four segments namely gaming and entertainment business hotel operations business, money lending business and property leasing business. The Company has its registered office in Hong Kong. The services provided by the Group are mostly financial, hotel operation and office-based, and do not involve any manufacture of goods.

For gaming and entertainment business, the Group is mainly engaged in introducing customers to respective casino's VIP rooms and receiving the profit streams from junket businesses at respective casino's VIP rooms. Hence, we generate revenue from commission on rolling turnover of the gaming and entertainment business.

Money lending business is one of key segments of the Group's diversifying strategy over the income streams. The Company provides diversified loan services. During the year, the Company broke through the traditional framework of money lending business and launched an online lending platform with smart technology to provide customers with brand-new loan experience.

Hotel operations business is another segment of the Group with an aim to diversify the income stream. With the huge drop in the number of visitors resulting from the Coronavirus pandemic since 2020, the occupancy rate of the hotel remained low.

For property leasing business, the hotel property is mainly for the hotel operations business of the Group, leaving the shops on the ground floor of the hotel property leased to independent third parties so as to generate another source of income stream of the Group.

STAKEHOLDER ENGAGEMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. This allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships, seek their views on its business proposals and initiatives, as well as promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders who are important to the business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication which are used to reach, listen and respond to stakeholders.

Environmental, Social and Governance Report

Stakeholders	Expectations	Engagement Channels
Government	• Legitimacy of service and business ethics • Employee protection • Tax compliance	• Compliance with applicable laws and regulations • Corporate events
Shareholders and Investors	• Corporate governance • Business operations • Information disclosure • Protection of interests and fair treatment of shareholders • Return on the investment	• Annual and interim reports and other published information • Annual general meeting and other shareholder meetings • Press releases • Corporate events
Employees	• Training and development • Remuneration • Occupational health and safety • Self-actualization	• Weekly staff meetings • Complaint system • Training, seminars and briefing sessions
Customers	• Data Privacy • Customer satisfaction • High-quality services • Business ethics	• Website of the Company • Feedback from frontline employees • Email and customer service hotline
Peer and Industry Associations	• Experience sharing • Co-operation • Fair competition	• Industry seminars • Exhibitions • Corporate events • Website of the Company
Public and Communities	• Contribution to the community • Environmental protection • Social responsibilities	• Support to charitable organisations • Voluntary work activities

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained can allow the Group to make more informed decisions, and better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules) and the guidelines of Global Reporting Initiative ("GRI").

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.

- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 27 of the Listing Rules).

Step 2: Prioritization – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects were covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out during the reporting period, those important ESG areas to the Group were discussed in this Report.

ESG GOVERNANCE

Board's oversight of ESG issues

Board's overall vision and strategy in managing ESG issues and Working Group

The Board is primarily responsible for the Group's ESG strategy and reporting, including identifying and determining ESG-related risks and ensuring the effectiveness of ESG risk management. In this regard, the Group has established an ESG working group, which has sufficient knowledge of both ESG matters and its operations, consisting of executive Directors and senior management members to oversee the material ESG issues that are relevant to its business and of high importance to investors and stakeholders. The ESG working group is responsible for maintaining a transparent and effective discussion with various stakeholders including customers, employees, local community, the government, investors and shareholders with an aim to ascertain the material ESG issues. The ESG working group enhances the communication with stakeholders by regularly updating the Company's website, gauging feedback from frontline employees, conducting staff meetings, establishing complaint system and consistently supporting charitable organisations. Different ESG issues are reviewed by the ESG working group at the regular meeting, which is held once a year. The Board consistently monitors the performance of the ESG working group and ensures the effectiveness of the overall ESG practices.

Environmental, Social and Governance Report

Board's ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, materiality assessment is conducted annually. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained can allow the Group to make more informed decisions, and better assess and manage the resulting impacts.

The Group has evaluated the materiality and importance in ESG aspects through the following steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritisation with stakeholder engagement; and (3) validation and determining material ESG issues based on the results of communication among stakeholders and the management.

Hence, this can enhance understanding of their degree and change of attention of our stakeholders to each significant ESG issue, and can enable us to plan our sustainable development direction more comprehensively in the future. Those important and material ESG areas identified during our materiality assessment were discussed in this Report.

Board review progress against ESG-related goals and targets

The progress of target implementation and the performance of the goals and targets shall be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectation. Effective communication about the goals and targets with key stakeholders such as employees is essential, as this can enable them to be engaged in the implementation process, and to feel that they are part of the changes that the Company aspires to achieve.

Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results of achieving the visions.

Setting targets require the ESG working group to carefully examine the attainability of the targets which shall be weighed against the Company's ambitions and goals. During the reporting period, our Group set targets on an absolute basis.

Environmental, Social and Governance Report

A. ENVIRONMENTAL ASPECTS

A1. EMISSIONS

Despite the fact that little environmental impact can be caused by office-based operations, the Group is committed to operating its business in an environmental-friendly manner, fostering mindful resources consumption in daily operations and arousing its employees' environmental awareness. We constantly monitor our environmental performance and strive hard to reduce the negative impacts on the environment.

During the reporting period, the Group strictly complied with all relevant environmental laws and regulations in Hong Kong and was not aware of any non-compliance of laws and regulations that could have significant impacts on the Group relating to air pollutants and greenhouse gas emissions, discharges into water and land, or generation of hazardous and non-hazardous wastes, including but not limited to the followings:

- Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong); and
- Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong).

Air Pollutants Emission

Air pollutant emissions control is essential to mitigate the impact on the environment and to protect the health of employees. The Group strictly complied with the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) during the year. For gaming and entertainment, money lending and property leasing business, their operations are mainly office-based and it is not involved in the combustion of stationary sources. For hotel operations business, the air pollutants emitted are mainly generated from the purchased towngas which is for water heating purpose in the bathroom of guest rooms. The Group does not possess any vehicles and therefore does not generate any air pollutants emission from vehicles. Despite of it, the Group encourages employees to adopt alternative communication means, such as telephone conferences and video conferences, in order to reduce air pollutants emission arising from additional traffic.

In light of the continuing cross-border travel restriction control imposed by the Hong Kong government for curbing spread of Coronavirus pandemic, the majority of overnight tour visitors portfolio shifted from the PRC and overseas guests to more Hong Kong local guests for hotel staycation during the year. In addition, owing to the limited resumption of local tourism facilities and opening of theme parks, the longer time of staying in hotel for using hotel services by local guests led to an increase in towngas consumption and air pollutants emission during the year. Furthermore, the Group targets to reduce the emission of air pollutants by around 5% to 15% by 2025.

During the reporting period, the air pollutants emission was as follows:

Air Pollutants	Unit	Gaming and entertainment, money lending and property leasing business	Hotel operations business	2021 Total	2020 Total
Nitrogen oxides (NO_x)	kg	–	2.05	2.05	1.71
Sulphur dioxide (SO_2)	kg	–	0.01	0.01	0.01

Greenhouse Gas ("GHG") Emission

The Group recognises that climate change is gradually concerned by the community as it affects our daily life and poses a risk to its business. Hence, the Group is committed to mitigating the effects of climate change and protecting the health of employees. For gaming and entertainment, money lending and property leasing business, electricity accounts for their GHG indirect emission during their office operations. For hotel operations business, electricity and towngas usage by room guests contribute to GHG emissions during hotel operations. In an effort to minimise the carbon footprint, the Group is devoted to maintaining an efficient and effective use of resources by adopting energy-saving initiatives which will be further elaborated in the section "Use of Resources" of this Report. The increase in GHG emissions in 2021 was mainly attributable to the increase in number of local guests for staycation which led to a rise in electricity and towngas consumption during the year. Furthermore, the Group targets to reduce the GHG emission by around 5% to 15% by 2025.

During the reporting period, the GHG emission was as follows:

GHG Emission[1]	Unit	Gaming and entertainment, money lending and property leasing business	Hotel operations business	2021 Total	2020 Total
Scope 1[2]	tonnes of CO_2-e	–	27.06	27.06	22.59
Scope 2[3]	tonnes of CO_2-e	11.63	301.69	313.32	300.86
Total GHG emission	tonnes of CO_2-e	11.63	328.75	340.38	323.45
GHG emission intensity	tonnes of CO_2-e/ HK$'000 revenue	0.0002	0.0737	0.0067	0.0060

1 The calculation of the GHG emission is based on the "Corporate Accounting and Reporting Standard" from GHG protocol.

2 Scope 1: Direct emissions from sources that are owned or controlled by the Group.

3 Scope 2: Indirect emissions from purchased electricity and towngas consumed by the Group.

Hazardous and Non-hazardous Wastes

Waste management is considered as one of the material topics in environmental protection. The Group recognises the importance of waste reduction. Waste management measures have been introduced and implemented to minimise the amount of waste generated and the impact on the environment. With our business nature, no hazardous waste is generated or discharged during the office and hotel operations. The Group strictly complied with the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) and Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) during the year.

For gaming and entertainment, money lending and property leasing business, the major source of their non-hazardous waste is the general office waste consisting of paper and plastic waste, which is considered as insignificant to the Group's business. For hotel operations business, the non-hazardous waste includes paper and cardboard, plastics, metals, glass and disposable room amenities and linens. The Group endeavours to reduce the amount of waste and strengthen the environmental awareness of the employees. The Group ensures all the wastes generated are properly collected and handled by the property management company. The Group will plan to establish an effective non-hazardous waste data collection system to record the waste amount in the future.

With the aim to reduce the amount of waste generated, we recommend our staff to use reusable cups and bowls in the workplace to reduce the use of disposable containers and minimise the wastage and harm to the environment. We recycle every printer toner cartridge, rechargeable battery and CD-ROM disc, as well as encourage proper sorting of recyclable materials including waste paper, metals and plastic. Moreover, we encourage duplex printing for most of the printing jobs in our office in order to avoid overuse of paper. We pre-set the fax machine to convert incoming messages to electronic files and transfer them directly to the server to avoid bulk printing of promotional copies. Single-sided paper, envelopes and the backside of letter pads are also reused to the greatest extent.

A2. USE OF RESOURCES

The Group strives to take all feasible measures to incorporate sustainability into its business operations and improve its environmental performance. Realising that resource conservation is crucial for maintaining environmental sustainability, we promote green office management and encourage our employees to be aware of the need for resource conservation in daily operations. We pledge to reduce resource consumption and carbon footprint in all our businesses and operations through the application of several actions and practices.

Energy

The Group considers environmental protection as an essential component of a sustainable and responsible business. With the aims of resource saving and implementation of energy saving measures, we actively promote the concept of energy saving and emission reduction into the entire process of its business development and operation and implement different energy saving measures.

The energy consumption of the Group mainly comes from purchased electricity for office operation of gaming and entertainment, money lending and property leasing business, as well as purchased electricity and towngas for hotel operation of hotel operations business. In order to reduce the energy consumption, the Group advocated various energy conservation strategies. During daytime, we make use of daylight whenever possible to save electricity used for lighting. We switch off all electronic appliances when they are not in use and use energy-saving light bulbs to reduce power consumption. In our hotel, customers are given a choice whether to change the bed linen everyday as a part of our environmental responsibilities for energy saving from washing machines use. The increase in energy consumption in 2021 was mainly attributable to the increase in number of local guests for staycation which led to a rise in electricity and towngas consumption during the year. Furthermore, the Group targets to reduce electricity and towngas consumption by around 15% and 5%, respectively by 2025.

During the reporting period, the energy consumption was as follows:

Energy consumption	Unit	Gaming and entertainment, money lending and property leasing business	Hotel operations business	2021 Total	2020 Total
Purchased electricity	MWh	16.38	798.42	814.80	786.41
Purchased towngas	MWh	–	141.35	141.35	118.00
Total energy consumption	MWh	16.38	939.77	956.15	904.41
Energy consumption intensity	MWh/HK$'000 revenue	0.0004	0.2106	0.0187	0.0168

Water

Water is another important resource. The water used by the Group is supplied by the Water Supplies Department. For gaming and entertainment, money lending and property leasing business, the office water supply is solely controlled by the building management company. In this case, it is not feasible for us to provide water consumption data as there is no separate sub-meter to record the water consumption data for office operation. The Group strives to reduce water consumption by strengthening the water-saving awareness of the employees. It reminds the employee to conserve water by emails and posting signs. In our hotel, customers are given a choice whether to change the bed linen everyday as a part of our environmental responsibilities for water saving from washing machines use. The increase in water consumption in 2021 was mainly attributable to the increase in number of local guests for staycation which led to a rise in water consumption during the year. The Group targets to reduce water consumption by around 5% by 2025.

During the reporting period, the total water consumption was as follows:

Water Consumption	Unit	Gaming and entertainment, money lending and property leasing business	Hotel operations business	2021 Total	2020 Total
Water consumption	m^3	N/A	2,516	2,516	2,390
Water consumption intensity	m^3/HK$'000 revenue	N/A	0.564	0.564	0.382

A3. THE ENVIRONMENT AND NATURAL RESOURCES

Regarding the business nature of the Group, we are not aware of any significant impact of the business activities on the environment and natural resources. With the implementation of aforementioned green office and hotel practices to reduce air pollutants and GHG emissions, waste generation and resources consumption, the Group strives to enhance environmental sustainability and minimise the impacts on the environment.

A4. CLIMATE CHANGE

Governance

Our Group addresses climate-related risks based on the nature of the risk to our operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts, are treated as operational risks. Long-term challenges, such as emerging ESG issues and climate-related risks and opportunities, may be discussed by the Group's ESG working group.

Our ESG working group provides effective governance for integrating and addressing ESG issues, including climate change, within our business. The ESG working group is responsible for approving operational emissions targets for the Group and commissioning an ESG benchmarking, as well as gap analysis exercise to identify gaps in both disclosure and policy relative to the best practice standards. Moreover, the ESG working group works closely with the Group's different operation departments, with an aim to develop consistent and enhanced approaches on addressing ESG risk issues and report to the management.

Strategy

Climate change risk forms part of our overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of risk by taking into consideration a range of diverse risk factors across the many categories in our services range. This diversity of risk is combined with our business strategy and broad geographic footprint helps us mitigate risk and provide protection against the impacts of short-term climate change effects.

Our services continue to provide protection for people in our communities against weather and heat-related disease. Besides, we plan to explore opportunities to engage our business partners and encourage them to develop climate resilience and reduce their operational carbon footprint by taking into consideration of different climate-related scenarios, including a "2°C or lower scenario" through the following steps:

Environmental, Social and Governance Report

Step 1: Set Future Images Assuming Climate Change Effects

As climate change measures proceed, there is a possibility that the industry will be exposed to substantial changes, such as stricter policies including the introduction of and increases in carbon pricing, as well as advances in technology and changes in customer awareness.

In light of these climate change effects, based on the International Energy Agency ("IEA") scenarios and others, we developed multiple future images of 2025 as the external environment that will surround our Group. With regard to the IEA scenarios, we put focus on the 2°C scenario and pictured future images in case where climate change measures do not progress and where such measures progress further Beyond 2°C scenario.

Step 2: Consider the Impacts

We considered the impacts on our Group for each of the future images developed in Step 1. We believe that in such a society, it will be possible to expand carbon dioxide emission reduction effects.

With regard to effects on our Group's procurement, office operation and hotel operation, introduction of and increase in carbon pricing is anticipated in accordance with the global advance of climate change measures, leading to the possibility of higher procurement, office operation and hotel operation costs.

On the other hand, in the case where climate change measures are not adequate throughout society, business operation interruptions and supply chain disruptions are likely to increase as a result of higher frequency and intensification of natural disasters such as typhoon and flooding.

Step 3: Respond to the Strategies

Our Group will begin promoting the reduction of the use of non-renewable energy in our office operation and hotel operation. This strategy will allow for flexible and strategic responses to each demand for the regions where the emission factors of purchased electricity consumptions are high. By promoting real carbon emissions reductions throughout the world through comprehensive energy-saving policies and introduction of renewable energy, we are working to achieve zero carbon emission in our business.

With respect to renewable energy in particular, we have set a new target, achieve a 15% and 5% reduction rate for purchased electricity and towngas consumption by 2025, respectively. With regard to the ongoing confirmation of the suitability and progress of the Group's strategies, we believe that we will have opportunities for stable funding and sustainable increases in corporate value through appropriate information disclosure, dialogue with institutional investors and other stakeholders.

Risk Management

Our Group identifies the climate change related risks or to test the existing risk management strategies under climate change with the aid of risk assessment. Hence, the areas where new strategies are needed could be identified.

The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones. The risk assessment is conducted through the following steps:

Step 1: Establish the context

- Objective/goal
- Scale
- Time frame
- Climate change scenario for most climate variables and sea level

Step 2: Identify existing risk (past and current)

- Identify the record of occurrence of climatic hazard in the past in the area
- Risk management strategies in place to tackle future occurrence of the hazard

Step 3: Identify future risk and opportunities

- Explore climate change projections for the selected time frame(s) and emission scenario(s)
- Identify potential hazards
- Investigate whether any existing risk from Step 2 may get worse under future projected changes
- Identify new risks that can emerge under future projected changes

Step 4: Analyse and evaluate risk

- Identify a set of decision areas or systems (i.e. geographical areas, business operation, assets, ecosystems, etc.) that has the potential to be at risk in future

As outlined in the "governance section of climate change" above, the Group has robust risk management and business planning processes that are overseen by the Board of Directors in order to identify, assess and manage climate-related risks. The Group engages with government and other appropriate organizations in order to keep abreast of expected and potential regulatory and/or fiscal changes.

We continue to raise awareness of climate change in regard to monitoring of carbon and energy footprint in our daily operation. However, there remains gaps in understanding how such climate risks and opportunities may impact our operations, assets and profits. Our Group assesses how the business addresses climate change risks and opportunities and takes the initiative to monitor and reduce their environmental footprint.

Significant Climate-related Issues

During the reporting period, the significant climate-related physical risks and transition risks, which have impacted and/or may impact our Group, as well as the steps taken to manage these risks, were as follows:

Detailed description of risks	Financial Impact	Steps taken to manage the risks
Physical Risk		
Acute physical risks • Climate change can lead to more frequent extreme weather. Super typhoon may be an extreme weather in Hong Kong. It can cause serious impacts on the office and hotel infrastructure. Office and hotel windows may be broken due to heavy wind and rain. The Group's equipment, documents, systems, back up storage may be destroyed as a result of typhoon.	• Operating cost and maintenance cost increase.	• Office and hotel will take sufficient and necessary measures when there is an announcement of typhoon. All documents will be stored in a proper manner and kept away from the window. Additionally, the electronic version of the documents will also be saved for backup. The backup will be kept by the senior management and stored in centralised backup of internal network.
Chronic physical risks • Prolonged hot weather may increase the energy consumption. As electricity supply is very important for running a business, a surge of energy consumption may lead to fuel shortage, results in shortage of electricity supply. • Climate change can lead to an increase in extreme weather, such as drought, super typhoon, flood, etc., which can affect the ecosystem. The Group is dependent on paper for printing and consumes a huge amount of paper. Paper is essential for office operation. One of the major raw materials for paper is wood. If prolonged extreme weather events occur, the supply of wood will be affected, hence, affecting the supply of paper.	• Operating cost increases.	• The Group has implemented lighting zone control and adopted efficient lamps in the office and hotel. • By posting energy-saving notices, employees are reminded to switch off the electrical appliances when they are not in use. • Room temperature is maintained at an energy-efficient level of 25 degrees Celsius.

Detailed description of risks	Financial Impact	Steps taken to manage the risks
Transitional Risk		
Policy risk • Mandates on and regulation of existing services. If there is a restriction on logging for environmental protection purpose imposed by relevant governments, the supply of wood will be affected, hence, affecting the supply of paper and other natural resources. Furthermore, there may also be a restriction on towngas and electricity use. As their supply may be limited and controlled by the government. Hotel guests and staff in our office will be affected correspondingly.	• Operating cost increases for high compliance costs and increased insurance premiums for the Group.	• Monitor the updates of the relevant climate-related environmental policies, to avoid the unnecessary increase in cost and expenditure due to the violation of the climate-related environmental policies.
Legal risk • Exposure to litigation. We have to adapt the tightened law and regulations issued by the government due to climate change. We may have the risk of litigation once we fail to obligate the new laws. • Strict ESG reporting requirement. The Group may have to spend much time on fulfilling the report standards to comply the new requirement.	• Operating cost increases for high compliance costs and increased insurance premiums for the Group.	• Monitor the updates of the relevant climate-related environmental laws by checking against the service and procurement agreement terms, as well as reviewing internal policies and procedures on climate change issues. This aims to avoid unnecessary and unexpected increase in cost and expenditure due to non-compliance.
Technology risk • More low carbon energy-saving material and energy saving technologies are developed, the capital investment and research and development expense increase consequently. • More green building strategies with low-carbon, energy-saving technologies are adopted by industry peers. Lagging behind may weaken our competitive edges.	• Upgrade office and hotel supplies with low-carbon and energy saving technologies may involve higher investment cost and research and development expense.	• Examined the feasibility and benefits of applying the latest low-carbon and energy-saving technologies into our operation.

Detailed description of risks	Financial Impact	Steps taken to manage the risks
Market risk • More customers are considering climate-related risks and opportunities, which may lead to changes in customers' demand for services. • Loss of clients due to poor environmental conditions of hotel. • Shift in consumer preference jeopardises the viability of certain business models. • Increased cost of office and hotel supplies. More environmental-friendly office and hotel supplies may be much more expensive, which may increase the operating cost.	• Revenue decreases for the change in customers' preference. • Procurement cost increases as abrupt and unexpected shifts in market price of office and hotel supplies.	• Tightened the control of the climate-related environmental pollution in daily business operation. • Planned to carry out study of the application of recycled materials and lower-emission energy sources.
Reputational risk • Unable to fulfil the expectations of the customers which may lead to potential damage to the Group's reputation and image. • Stigmatisation of our business sector, such as more stakeholder concern or negative stakeholder feedback on our business operation, in a less environmental-friendly way.	• Revenue decreases from the drop in income as a result of reduced customers. • Operating cost increases from negative impacts on workforce management and planning.	• Planned to support and participate in the activities that related to environmental protection, conservation. • Planned to select suppliers who carry out relevant policies to protect the environment.

Furthermore, the significant climate-related opportunities and associated financial impacts on our Group during the reporting period were as follows:

Detailed description of opportunities	Financial Impact
Resource efficiency • Reduce paper usage • Reduce water and energy consumption	• Operating cost reduces through efficiency gains and cost reductions
Energy source • Use of lower-emission sources of energy • Use of supportive policy incentives • Use of new technologies	• Operating cost reduces through use of lowest cost abatement • Returns on investment in low-emission technology increases
Products and services • Development of climate adaptation and insurance risk solutions • Ability to diversify business activities	• Revenue increases through new solutions to adaptation needs, such as insurance risk transfer of products and services
Markets • Access to new markets	• Revenue increases through access to new and emerging markets
Resilience • Participation in renewable energy programs and adoption of energy-efficiency measures • Resource substitution or diversification	• Market valuation increases through resilience planning, such as planning of the research in the use of renewable energy sources • Reliability of supply chain and ability to operate under various condition increases • Revenue increases through new products and services related to ensuring resiliency

Metrics and Targets

Our Group adopts the key metrics to measure and manage climate-related risks and opportunities. The energy consumption and GHG emissions indicators are the key metrics used to assess and manage relevant climate-related risks where we consider such information is material and crucial for assessing the impact of our operation on global climate change during the year.

Our Group regularly tracks our energy consumption and GHG emissions indicators to assess the effectiveness of emission reduction initiatives, as well as set targets to contribute our effort to have minimal impact on global warming. The details are described in the section A1: "Emissions" of this Report. Our Group has adopted absolute target to manage climate-related risks and opportunities and performance.

B. SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

B1. EMPLOYMENT

Employees are regarded as the Group's important and valuable assets to the Group's success. We aim to provide a safe and healthy working environment to our employees, ensuring their rights and welfare and providing them with optimal development and training. The commitment is incorporated into staff handbook and other human resources management policies. Our staff handbook covers the Group's policies in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare.

Employees' Rights and Welfare

The Group prioritises the rights and benefits of its employees. We believe wellbeing of employees is correlated to their productivity and sense of belonging to the Company. We strive to move forward with high labour standards, respect human rights and minimise the staff turnover rate.

The Group strictly complies with applicable local regulations, including but not limited to the Employment Ordinance and Minimum Wage Ordinance in Hong Kong and relevant laws in Macau, to ensure fair remuneration and benefits for our employees. We provide remuneration for our employees according to their qualifications, experience, performance, job duties and service years as well as to the market benchmark. We review performance appraisal on an annual basis to ensure our remuneration practices are competitive and aligned with market rates. In addition to salary, we provide mandatory provident fund, allowances, medical benefits and variable incentive-based remuneration such as discretionary bonus to our employees. Employees are also entitled to various types of leave including annual leave, paid sick leave, marriage leave, maternity leave, compassionate leave, etc.

Equal opportunities, diversity and anti-discrimination

The Group strives to construct a diverse and inclusive workplace where all our employees are treated with dignity and respect. We strongly oppose to all discriminatory behaviour against any individual on their gender, age, nationality, race, colour, disability, creed, religion, sexual orientation, marital status or family status. The principle of equal opportunities is applied in all employment practices, including but not limited to recruitment, promotion and transfer, work allocation, benefits and training and development. During the reporting period, there were no instances of non-compliance of laws and regulations relating to employment and labour practices in Hong Kong or Macau.

Environmental, Social and Governance Report

Employee Composition

The employee compositions by gender, age group, geographical region, employment type and employment mode at the end of the reporting period were as follows:

Employee compositions	2021	2020
By gender		
• Male	60%	56%
• Female	40%	44%
By age group		
• Age 30 or below	30%	19%
• Age 31-40	27%	19%
• Age 41-50	19%	22%
• Age 51 or above	24%	40%
By geographical region		
• Hong Kong	87%	89%
• Macau	13%	11%
By employment type		
• Senior management	11%	15%
• Middle management	32%	11%
• General staff	57%	74%
• Short term/Contract staff	–	–
By employment mode		
• Full-time staff	97%	89%
• Part-time staff	3%	11%

The employee annual turnover rate by gender, age group, geographical region during the reporting period was as follows:

Employee turnover rates	2021	2020
By gender		
• Male	79%	31%
• Female	31%	37%
By age group		
• Age 30 or below	13%	22%
• Age 31-40	120%	67%
• Age 41-50	43%	53%
• Age 51 or above	60%	9%
By geographical region		
• Hong Kong	68%	35%
• Macau	–	29%
Overall	59%	34%

B2. HEALTH AND SAFETY

The Group provides its employees with a safe and healthy working environment. We ensure that our daily operations are compliant with all applicable rules, to minimise and protect employees from any occupational health and safety hazards that may cause risks. We strictly comply with the rules and guidelines stipulated in the Occupational Safety and Health Ordinance by the Labour Department in Hong Kong and any relevant laws in Macau. Besides, we implement health and safety measures as followings:

Safe and Hygienic Workplace

The Company provides its employees with a set of guidelines to ensure a safe and healthy workplace for all its workforce. We provide medical benefits to our employees, prohibit smoking in non-smoking areas or bringing in explosives or illegal drugs without permission. We also circulate internal memorandum among our staff to remind them of the information related to occupational health and safety. We care about employees' physical and mental health, conduct regular interviews to understand employees' concerns, and launch employee surveys to learn more about employees' needs. We also implement daily disinfection in hotels and regular disinfection in office, and actively arrange pandemic prevention supplies such as masks, protective clothing, and disinfectants for front-line employees.

Fire Safety

Our hotel is equipped with qualified fire installations and equipment to ensure fire safety, in compliance with the Fire Safety (Buildings) Ordinance (Chapter 572 of the Laws of Hong Kong). All the hotel fire protection systems are installed by a registered fire service installation contractor and are inspected annually.

Indoor Air Pollution Prevention

The ventilation systems in our hotel are inspected annually. During the reporting period, the ventilation system in our hotel was proved to be in safe and efficient working order in accordance with Regulation 5A of the Building (Ventilation Systems) Regulations (Chapter 123J of the Laws of Hong Kong).

With the measures implemented, there were no work-related fatalities in each of the past 3 reporting years from 2019 to 2021. There was a case of work-related injuries and 3 lost days regarding the sick leave due to work-related injuries during the reporting period. Moreover, there was no violation of any laws and regulations relating to occupational health or safety in Hong Kong or Macau, including but not limited to the followings:

- Occupational, Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)
- The Macau Labour Relations Law of 2008

B3. DEVELOPMENT AND TRAINING

The Group believes that development and training are crucial to enhance its employees' potential for work advancement. We support our employees in the performance of their designated roles and help them to fulfill their potential during the course of their employment. To improve employees' professional knowledge and skills in discharging their duties, we provide on-job trainings to our employees with contents covering occupational health, corporate governance, etc. Our employees are funded suitable seminars, aiming to encourage and support them in pursuing professional development and continuous learning through external training.

To uphold our services quality, understand different case scenario faced by the frontline staff and timely respond to the views from our staff, the Group always seeks for improvements on the trainings by conducting assessment and collecting feedback of participants. This can help the Group continuously improve the training programs covering various aspects offered to all levels of employees so as to enhance their job performance.

The Group will plan to provide external or internal anti-corruption training to them in the coming year.

B4. LABOUR STANDARDS

The Group prohibits engagement of child and forced labour in compliance with the relevant law of Employment Ordinance and the Employment of Children Regulations in Hong Kong, relevant laws such as 澳門特別行政區第10/2012號法律《規範進入娛樂場和在場內工作及博彩的條件》in Macau. We have implemented a preventive recruitment procedure with a thorough background check, to ensure that no underaged or illegal persons are employed. Furthermore, to prevent unlawful recruitment of employees under the age of 15 as child labour, employees are required to provide identity proofs to Human Resources Department to verify the age as part of the recruitment process. All work should be voluntarily performed and shall not involve forced labour. If any violation against laws and regulations in relation to labour standards is found, we will investigate the incident, impose appropriate penalty to accountable staff subject to the severity and review any defects in the human resources system in place. Besides, the Group does not in any way force its employees to work overtime. Employees are compensated in accordance with labour laws and company practices on overtime compensation in cases where working outside normal working hours is inevitable.

During the reporting period, there was no employment of child labour discovered, nor any non-compliance of laws and regulations relating to forced labour.

OPERATING PRACTICES

B5. SUPPLY CHAIN MANAGEMENT

The Group has established a set of guidelines for procurement of goods and services, with an objective to maintain proper supply chain management in the Company. We expect our suppliers to share the same values and operate business in a responsible, fair and honest manner. For office operation, the Group mainly works with third party services providers which provide services such as information technology services, property management services, advertising service and legal and consulting services. We also work with suppliers that supply office equipment, printing and stationery. For hotel operation, the Group works closely with a number of suppliers in providing a range of hospitality goods, including guestroom consumables, tableware, furniture, and electrical appliances.

Stringent procedures are applied in the selection of suppliers. In addition, we maintain a well-established system to monitor the quality of suppliers, ensuring that the goods supplied and services provided are of high standard. The Group also emphasises on the selection of products that cause minimal impacts on the environment, for example, we purchase green cleaning products and reusable items instead of single-use disposable ones. To raise awareness and engage our suppliers to contribute to sustainable development, we welcome suppliers who demonstrate their commitment to sustainability.

B6. PRODUCT RESPONSIBILITY

Service levels are deemed essential by the Group because quality service is an indispensable factor in remaining the market position of the Group in the highly competitive market. Our employees fully understand the obligation of delivering high quality service to customers. Striving to achieve a high standard of professionalism, we seek continuous improvement in service quality by welcoming comments and feedback from our customers. To improve our service, the Group's complaint handling policy is strictly in accordance with regulatory standards to ensure that customers' opinions are heard and responded in a timely manner.

Quality Management System

The Group is aware of its responsibility to promote legal and responsible gaming activities at its operating sites and to minimise any negative impacts. In compliance with Macau's legislation 澳門特別行政區第10/2012號法律《規範進入娛樂場和在場內工作及博彩的條件》, in our daily practices we follow well-established procedures to promote responsible gaming, including prohibiting any underaged persons to enter the gaming area and proactively emphasising the importance of responsible gaming to our staff. The Group has established "Guest Complaint Handling Procedures" (《客人投訴處理流程》) for our businesses, to clarify the responsible departments and handling procedures for guest complaints, and handle the complaints in a timely and effective manner. The Group assigned specific persons-in-charge to conduct complaint handling, complaint supervision and tracking of hotel management issues.

The Group believes the opinions from customers can drive our continuous improvement and are essential to our pursuit for excellence. We welcome the opinions from customers by establishing various communication channels with customers, such as customer service hotline and email. We have also established a customer service survey form on our website to understand the needs of our customers and improve our service quality.

During the reporting period, the Group was not aware of any violation of relevant laws and regulations that has a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to services provided and methods of redress.

Personal Data Privacy and Protection

The Group protects its customers' privacy by confidentially processing and maintaining personal data in compliance with Personal Data (Privacy) Ordinance of the Laws of Hong Kong and relevant laws in Macau. For all our businesses especially money lending business, we handle customers' personal data with extra care, to ensure that the information is properly stored and is accessible only to authorised staff to prevent from improper disclosure or misuse.

During the reporting period, there was no non-compliance of laws and regulations relating to data privacy.

B7. ANTI-CORRUPTION

The Group treasures integrity as its core value. As a financial services provider, we consider money laundering as an important risk and are obligated to achieve high standards of openness and fight against any corruption activities. We strictly comply with the Prevention of Bribery Ordinance of the Laws of Hong Kong and relevant laws in Macau.

The Group expects employees at all levels to share the value of integrity and honesty. The Group strictly abides by the laws and regulations on integrity and prevention of corruption, bribery, fraud and extortion in regions where it operates, such as the Prevention of Bribery Ordinance in Hong Kong. The Group explicitly states that any form of corruption, bribery or kickback is strictly prohibited in its employee manual. Employees shall not solicit or accept any forms of bribing benefits, including banquets, cash, gifts, rebates and commissions. If any case of suspected corruption or other criminal offence is discovered, it will be reported to the Independent Commission Against Corruption or other relevant authorities.

The Group also has a well-established whistleblowing policy to encourage our staff to report any suspicious cases related to misconduct or malpractices with a confidential platform in the Company. The Board provides reporting channels and guidance for the employees to raise concerns about possible improprieties in financial reporting, internal control or other matters in relation to business ethics principles. The Group will plan to provide external or internal anti-corruption training to them in the coming year.

During the reporting period, the Group was not aware of any non-compliance of laws and regulations relating to bribery, fraud, extortion or money laundering.

COMMUNITY

B8. COMMUNITY INVESTMENT

As a socially responsible enterprise, the Group is constantly aware of the community needs and strives to bring a positive impact on community development. The Group has been awarded a "Caring Company" status by the Hong Kong Council of Social Service's Caring Company Scheme. The Group continues to participate in various community activities and encourages providing service to the community through staff voluntary efforts and in-kind donations. During the reporting period, the Group sponsored HK$100,000 to The Youth Encouragement Foundation Limited subsidising tutorial fee for fifteen students whose families are from grass roots of our society.

COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to current year's presentation as the Directors consider that the new presentation is more appropriate to the Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page(s)
A. Environmental			
A1: Emissions			
General Disclosure		"Emissions"	25
KPI A1.1	The types of emissions and respective emissions data	"Emissions – Air Pollutant Emissions"	25, 26
KPI A1.2	Greenhouse gas emissions and, where appropriate, intensity	"Emission – Greenhouse Gas Emissions"	26
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	Not applicable to the Group's business.	N/A
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	The Group considered the amount of non-hazardous waste generated was immaterial during the year.	N/A
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	"Emissions – Air Pollutant Emissions" "Emissions – Greenhouse Gas Emissions"	25, 26
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction target(s) set and steps taken to achieve them	"Emissions – Hazardous and Non-hazardous Wastes"	27
A2: Use of Resources			
General Disclosure		"Use of Resources"	27
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	"Use of Resources – Energy"	28
KPI A2.2	Water consumption in total and intensity	"Use of Resources – Water"	28, 29
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	"Use of Resources – Energy"	28
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	"Use of Resources – Water"	28
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable to the Group's business.	N/A

Environmental, Social and Governance Report

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page(s)
A3: The Environment and Natural Resources			
General Disclosure		"The Environment and Natural Resources"	29
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	No significant impact of activities on the environment and natural resources was noted.	N/A
A4: Climate Change			
General Disclosure		"Climate Change"	29
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	"Climate Change"	29, 30, 31
B. Social			
Employment and Labour Practices			
B1: Employment			
General Disclosure		"Employment"	36
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	"Employment"	37
KPI B1.2	Employee turnover rate by gender, age group and geographical region	"Employment"	37
B2: Health and safety			
General Disclosure		"Health and Safety"	38
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	No work-related fatality was recorded during the year.	N/A
KPI B2.2	Lost days due to work injury	3 lost days due to work injury was recorded in 2019.	38
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	"Health and Safety"	38

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page(s)
B3: Development and Training			
General Disclosure		"Development and Training"	39
KPI B3.1	The percentage of employees trained by gender and employee category	The Group did not have staff training and would plan to provide training next year.	N/A
KPI B3.2	The average training hours completed per employee by gender and employee category	The Group did not have staff training and would plan to provide training next year.	N/A
B4: Labour Standards			
General Disclosure		"Labour Standards"	39
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	"Labour Standards"	39
KPI B4.2	Description of steps taken to eliminate such practices when discovered	No concluded legal case regarding child and forced labour was noted.	N/A
Operating Practices			
B5: Supply Chain Management			
General Disclosure		"Supply Chain Management"	40
KPI B5.1	Number of suppliers by geographical region	–	N/A
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	"Supply Chain Management"	40
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	"Supply Chain Management"	40
KPI B5.4	Descriptions of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	"Supply Chain Management"	40

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page(s)
B6: Product Responsibility			
General Disclosure		"Product Responsibility"	40
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable to the Group's business	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Not applicable to the Group's business	N/A
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights	Not applicable to the Group's business	N/A
KPI B6.4	Description of quality assurance process and recall procedures	"Product Responsibility – Quality Management System"	40
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	"Product Responsibility – Personal Data Privacy and Protection"	41
B7: Anti-corruption			
General Disclosure		"Anti-corruption"	41
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case	No concluded legal case regarding corrupt practices was noted.	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	"Anti-corruption"	41
KPI B7.3	Description of anti-corruption training provided to directors and staff	"Anti-corruption"	41
Community			
B8: Community Investment			
General Disclosure		"Community Investment"	41
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	"Community Investment"	41
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	"Community Investment"	41

Report of the Directors

The Directors present the annual report together with the audited consolidated financial statements for the year ended 30 June 2021.

PRINCIPAL PLACE OF BUSINESS

The Company is a company incorporated in Hong Kong with limited liabilities. Its registered office and principal place of business are at Room 1807, 18/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in the note 21 to the consolidated financial statements.

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

BUSINESS REVIEW

General

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

Principal risks and uncertainties and the respective risk responses

The following section lists out the key risks and uncertainties which the Group faces. It is a non-exhaustive list and there may be other risks and uncertainties in addition to the key risk factors outlined below:

Description of principal risks:	**Risk responses:**
Economic and Political Outlook	
The Group's business is based in Macau and Hong Kong, changes in certain political and economic risks in Macau and Hong Kong may have a material adverse effect on the business, financial condition, results of operations and cash flows. Furthermore, it is expected that a significant number of patrons for the gaming business are from Mainland China. Any slowdown in economic growth, decline in economic conditions or changes to China's current restrictions on travel and currency movements could disrupt the number of Chinese patrons to the casinos as well as the amounts they are willing to spend in the casinos.	The economic environment is constantly evaluated by the Directors in order to promptly respond to any changes. The political agenda in Hong Kong, Macau and Mainland China is also monitored closely for any changes. The Directors are responsible for determining an overall market risk control framework, monitoring and assessing market conditions, devising refined policies in light of the above adverse factors affecting the Group's performance and market position and tailoring marketing strategy to cater to changes in economic and political outlook. The senior management is responsible for ensuring that the policies so developed are duly implemented and executed.

BUSINESS REVIEW (Continued)

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

Description of principal risks:	Risk responses:
Management and Operational Risk	
Insufficient or ineffective internal controls in daily operations may lead to financial loss and reputational damage, including but not limited to contractual risks, abusive use of discount, cash misappropriation, fraud committed with external parties and loss of physical assets.	The executive Directors meet regularly to review operational issues, conduct sample checks on the loan files for proper security documentation. The senior management is responsible for supervising the day-to-day adherence of operational control procedures and maintenance of security documentation. Training is also provided to employees on policies and procedures, as well as to update them of current legislations and practices. Credit monitoring policies and operational procedures have been formulated and are continuously updated to ensure that employees comply with internal procedures and requirements. Internal audit will also be conducted independent review on a regular basis.
Valuation of pledged collaterals and investment properties	
Secured mortgage loans may be granted to customers based on the values of mortgaged properties. In the event that the value of the mortgaged properties decreases to the extent that it is not sufficient to cover the relevant mortgage loan, there may be a need to make provision for impairment or write off the relevant mortgaged loan if the customer is not able to provide further collateral or repay the mortgage loan. This will in turn affect the profitability and the financial position of the Group.	The Directors and senior management closely monitor the safety margin of mortgage loans and assess the relevant risks from time to time. The credit and loan officers also assess individually whether such amount of mortgage loans can be fully recovered with reference to the loan repayment ability of that customer and monitor the loan-to-value ratio of the loan by conducting valuation of the mortgaged properties from time to time.

RESULTS AND DIVIDEND

The loss of the Group for the year ended 30 June 2021 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 60 to 126.

The Directors of the Company do not recommend the payment of any dividend for the year ended 30 June 2021.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 3.

Report of the Directors

RESERVES

Details of movements in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 62 and note 31 to the consolidated financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the Group's property, plant and equipment and investment properties during the year are set out in notes 17 and 18 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 26 to the consolidated financial statements.

There were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

DIRECTORS OF THE COMPANY

The Directors of the Company during the year and up to the date of this annual report were:

Executive Directors:
Mr. Lin Chuen Chow Andy
Ms. So Wai Yin (resigned on 20 October 2020)
Mr. Lam Yick Man (appointed on 6 July 2021)

Non-executive Director:
Mr. Nicholas J. Niglio

Independent Non-executive Directors:
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Ms. Yeung Hoi Ching

In accordance with Articles 79, 80 and 84 of the Company's Articles of Association, Mr. Lam Yick Man shall retire by rotation and being eligible, offer himself for re-election as executive Director. Mr. Cheung Yat Hung, Alton and Mr. Yue Fu Wing shall retire by rotation and being eligible, offer themselves for re-election as independent non-executive Directors.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

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

Mr. Lin Chuen Chow Andy
Mr. Nicholas J. Niglio
Ms. So Wai Yin*
Mr. Tam Ka Wo
Mr. Lam Yick Man
Mr. Yip Hoi Lung
Ms. Ho Lai Ying

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

Report of the Directors

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent.

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

Shares

As at 30 June 2021, none of the Directors and the chief executive, and any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Options

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

During the year ended 30 June 2021 and up to the date of this report of the Directors, 10,238,000 and 10,238,000 (2020: 10,238,000 and 10,238,000) share options remained outstanding under the Scheme and the details of the movements of the said outstanding share options were as follows:

Name of director	As at 1 July 2020	Forfeited during the year	As at 30 June 2021	Forfeited during the period between 1 July 2021 to the date of this report of the Directors	As at the date of this report of the Directors	Percentage of outstanding options as at 30 June 2021	Percentage of outstanding options as at the date of this report of the Directors
Mr. Nicholas J. Niglio	5,119,000	–	5,119,000	–	5,119,000	50%	50%
Mr. Lin Chuen Chow Andy	5,119,000	–	5,119,000	–	5,119,000	50%	50%

Save as disclosed above, none of the Company's Directors and chief executives, or any of their associates, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

Report of the Directors

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

At 30 June 2021 and 2020, the options have exercise prices of approximately HK$0.50 and HK$0.50 under the Scheme respectively. At 30 June 2021 and 2020, the weighted average remaining contractual life of the options was approximately 4.76 and 5.76 years, respectively.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Other than the share option schemes of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 30 June 2021 are set out in the note 21 to the consolidated financial statements.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

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

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

PERMITTED INDEMNITY

The Articles of Association provides that if any Director or other officer shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure, the Director or officer so becoming liable as aforesaid from any loss in respect of such liability. In addition, the Company has maintained appropriate Directors' and officers' liability insurance in respect of relevant legal actions against the Directors of the Group.

DIRECTORS' SERVICE CONTRACT

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

Report of the Directors

CONNECTED TRANSACTIONS

During the period from the date of the 2020 annual report of the Company to the date of this report, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 13 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which any Director of the Company or any entity connected with a Director was materially interested, whether directly or indirectly, subsisted during or at the end of the year.

DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of Directors' remuneration, five highest paid individuals' emoluments and staff costs are set out in notes 12 and 13 to the consolidated financial statements.

MAJOR CUSTOMERS

The percentage of revenue for the year attributable to the Group's major customers are as follows:

Sales	
– the largest customer	38.5%
– five largest customers in aggregate	77.0%

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

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 2021, according to the information available to the Company, substantial shareholders of the Company and other persons, other than a Director or chief executive of the Company, who had interests in 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

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

Save as disclosed above, no person had registered an interest in 5% or more of the share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was required to be recorded under Section 336 of SFO as at 30 June 2021.

Report of the Directors

MATERIAL RELATED PARTY TRANSACTIONS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

RETIREMENT SCHEME

Particulars of the retirement scheme operated by the Group are set out in note 4(r) to the consolidated financial statements. In the opinion of the Directors, the Group had no significant obligations as at 30 June 2021 for long service payment to its employees pursuant to the requirements under the Employment Ordinance.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 33 to the consolidated financial statements, there were no other important events affecting the Company that have occurred since the end of the financial year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors of the Company, the Company was in compliance with the provisions of the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 to the Listing Rules throughout the accounting year covered by the financial statements, except for the Code Provision A.2.1, details of which are set out in the corporate governance report on pages 10 to 19 of this annual report.

The Company has complied with the code of conduct regarding securities transactions by the Directors on terms no less than exacting than the required standards regarding dealings as set in the Model Code. Having made specific enquiries of all Directors, they have complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company. Details of compliance with the Model Code by Directors are set out in the corporate governance report on pages 10 to 19 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company has complied with the relevant laws and regulations that have a significant impact on the Company. The Company seeks professional legal advice from legal advisers to ensure its transactions and business are in compliance with the applicable laws and regulations. During the year, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

ENVIRONMENTAL POLICIES AND PERFORMANCE

During the year, the Company has complied with the relevant environmental policies applicable to it in all material aspects. For details of its performance, please refer to the Environmental, Social and Governance Report on pages 20 to 45 of this annual report.

RELATIONSHIP WITH EMPLOYEES

The Company regards employees as important and valuable assets and it provides competitive remuneration packages, staff benefits and welfare to its employees. For details, please refer to section B: "Social Aspects - Employment and Labour Practices" of the Environmental, Social and Governance Report on pages 36 to 39 of this annual report.

RELATIONSHIP WITH CUSTOMERS

The Company values the relationship with its customers, as well as their feedback and comments, which enhance the quality of services. For details, please refer to section B: "Social Aspects – Operating Practices" of the Environmental, Social and Governance Report on pages 40 to 41 of this annual report. During the year, the Company considered the relationship with its customers was satisfactory.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDIT COMMITTEE

The audit committee, comprising three members, all being independent non-executive Directors of the Company, has reviewed and approved the Group's financial reporting process, risk management and internal control system including the review of the Group's financial statements for the year ended 30 June 2021.

AUDITOR

The consolidated financial statements of the Group for the year ended 30 June 2021 were audited by RSM Hong Kong. RSM Hong Kong will retire and, being eligible, offer themselves for re-appointment at the annual general meeting. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint RSM Hong Kong as auditor of the Company.

By Order of the Board

Lam Yick Man
Executive Director

Hong Kong, 29 September 2021

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of Rich Goldman Holdings Limited (the "Company"), and its subsidiaries (the "Group") set out on pages 60 to 126, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Impairment of loans receivable from money lending business

2. Impairment assessment of hotel operations business segment assets

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Impairment of loans receivable from money lending business *(Refer to note 24 to the consolidated financial statements)* As at 30 June 2021, the Group had gross loans receivable from customers amounting to approximately HK$107,614,000 (2020: HK$419,956,000) and provision for impairment of loans receivable of approximately HK$1,335,000 (2020: HK$261,000). Management assessed the provision for impairment of loans receivable based on the estimation of expected credit losses ("ECL") under a "three-stage" model. In developing the loss allowance of loans receivable, management uses judgement in making the assumptions about the probability of default and loss given default with reference to the historical delinquency ratio of loans portfolio, collateral values, credit rating of customers and current and forward-looking information on macroeconomic factors. We identified the recoverability of loans receivable from money lending business as a key audit matter because determining the provision for impairment of these receivables involves significant management's estimation and judgement.	We understood and tested the key controls over the impairment of loans receivable and focused on: – Understanding, evaluating and validating control over impairment assessment of loans receivable, which related to management's identification of events that triggered the significant increase in credit risk of loans receivable and events of default; – Carrying out procedures, on a sample basis, to test the existence and accuracy of the aging of loans receivable as at the reporting date; – Involving the valuation specialist to review the valuation methodology and approach adopted by management in ECL assessment; – Evaluating the appropriateness of the key assumptions, such as collateral values, historical delinquency ratio, credit rating of customers used in assessing the ECL based on market economic data; – Re-performing management's calculation of loss allowance under ECL model; and – Considering the adequacy of impairment of loans receivable with reference to the repayment performance, financial condition and the collaterals held by the Group of their customers and other relevant factors.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment assessment of hotel operations business segment assets *(Refer to note 17 to the consolidated financial statements)* The Group has segment assets attributed to the hotel operations business segment with total carrying amount of approximately HK$374,607,000 as at 30 June 2021, which includes the hotel property as included in property, plant and equipment with carrying amount of approximately HK$371,800,000 as at 30 June 2021. During the year, the hotel operations business recorded a decline in revenue and incurred a segment loss which increases the risk that its segment assets may be impaired. The recoverable amount of hotel operations business segment assets is estimated at fair value less cost of disposal in which the fair value of the hotel property is estimated by an independent firm of chartered surveyors and approved by the directors of the Company using market comparison approach, with major assumptions on market condition such as age of building, location, accessibility, property condition and retail potential. Impairment loss of approximately HK$21,254,000 (2020: HK$64,962,000) was recognised during the year for hotel property included in property, plant and equipment to reduce the carrying amount of the hotel operations business segment assets to its recoverable amount. We identified assessing the impairment of hotel operations business segment assets as a key audit matter because determining the impairment of these assets involves significant management's estimation and judgement.	Our procedures in relation to management's impairment assessment for the fair value less cost of disposal estimation using market comparison approach for the hotel property included: – Evaluating the independence, competence, capabilities and objectivity of independent professional valuer; – Assessing the reasonableness of the valuation model; and – Assessing the reasonableness of the key assumptions including location, star rate, building condition and retail potential.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chiu Kar Chun, Desmond.

RSM Hong Kong
Certified Public Accountants
Hong Kong
29 September 2021

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	8	**51,065**	53,925
Cost of services provided		**(6,243)**	(7,216)
Other income	9	**4,684**	4,923
Other gains and losses	10	**(4)**	(18,198)
Fair value loss on investment properties	18	**(500)**	(13,000)
Impairment loss on property, plant and equipment	17	**(21,254)**	(64,962)
(Impairment losses)/reversal of impairment losses on loans receivable and interest receivables, net		**(1,088)**	512
Administrative expenses		**(40,170)**	(34,824)
Loss before tax		**(13,510)**	(78,840)
Income tax expense	14	**(8,462)**	(2,336)
Loss and total comprehensive income for the year	11	**(21,972)**	(81,176)
Attributable to:			
– Owners of the Company		**(30,356)**	(85,705)
– Non-controlling interests		**8,384**	4,529
		(21,972)	(81,176)
Loss per share	16		
Basic		**(HK$0.02)**	(HK$0.07)
Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

At 30 June 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	17	**431,656**	473,049
Investment properties	18	**137,500**	138,000
Goodwill	20	**–**	–
Deferred tax assets	22	**151**	1,439
Financial assets at fair value through profit or loss ("FVTPL")	23	**31,488**	31,492
Loans receivable	24	**10,546**	1,356
Total non-current assets		**611,341**	645,336
Current assets			
Trade and other receivables	25	**5,775**	1,087
Loans receivable and interest receivables	24	**99,035**	418,885
Current tax assets		**1,345**	–
Bank and cash balances		**463,604**	159,997
Total current assets		**569,759**	579,969
Current liabilities			
Other payables		**2,783**	3,357
Current tax liabilities		**4,197**	5,874
Total current liabilities		**6,980**	9,231
Net current assets		**562,779**	570,738
Total assets less current liabilities		**1,174,120**	1,216,074
Non-current liabilities			
Deferred tax liabilities	22	**3,378**	–
NET ASSETS		**1,170,742**	1,216,074
Capital and reserves			
Share capital	26	**1,317,736**	1,317,736
Reserves	32	**(155,560)**	(125,204)
Equity attributable to owners of the Company		**1,162,176**	1,192,532
Non-controlling interests		**8,566**	23,542
TOTAL EQUITY		**1,170,742**	1,216,074

Approved by the Board of Directors on 29 September 2021 and are signed on its behalf by:

Lam Yick Man	**Nicholas J. Niglio**
Director	*Director*

Consolidated Statement of Changes In Equity

For the year ended 30 June 2021

	Attributable to owners of the Company								
	Share capital HK$'000	Property revaluation reserve HK$'000 (Note 32(b)(i))	Non-distributable reserve HK$'000 (Note 32(b)(ii))	Share options reserve HK$'000 (Note 32(b)(iii))	Other reserve HK$'000 (Note 32(b)(iv))	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2019	1,171,921	5,922	2,264	3,941	(51,221)	(405)	1,132,422	59,399	1,191,821
Total comprehensive income for the year	–	–	–	–	–	(85,705)	(85,705)	4,529	(81,176)
Transfer to accumulated losses upon forfeiture of share options	–	–	–	(1,313)	–	1,313	–	–	–
Share issued under open offer (note 26)	149,566	–	–	–	–	–	149,566	–	149,566
Transaction costs attributable to issue of new ordinary share from open offer (note 26)	(3,751)	–	–	–	–	–	(3,751)	–	(3,751)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(40,386)	(40,386)
At 30 June 2020 and 1 July 2020	**1,317,736**	**5,922**	**2,264**	**2,628**	**(51,221)**	**(84,797)**	**1,192,532**	**23,542**	**1,216,074**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(30,356)**	**(30,356)**	**8,384**	**(21,972)**
Capital contribution from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**190**	**190**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(23,550)**	**(23,550)**
At 30 June 2021	**1,317,736**	**5,922**	**2,264**	**2,628**	**(51,221)**	**(115,153)**	**1,162,176**	**8,566**	**1,170,742**

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(13,510)**	(78,840)
Adjustments for:			
Amortisation of intangible assets	10	**–**	23,786
Bank interest income	9	**(648)**	(60)
Depreciation	11	**20,633**	23,388
Dividend income from financial assets at FVTPL	9	**(3,000)**	(4,184)
Fair value loss on financial assets at FVTPL	10	**4**	111
Fair value loss on investment properties	18	**500**	13,000
Impairment loss on goodwill	10	**–**	2,644
Impairment loss on property, plant and equipment	17	**21,254**	64,962
Loss on disposals of financial assets at FVTPL	10	**–**	230
Loss on disposals of property, plant and equipment	10	**3**	–
Impairment losses/(reversal of impairment losses) on loans receivable and interest receivables, net		**1,088**	(512)
Reversal of impairment loss on trade receivables	10	**(3)**	(7,650)
Reversal of provision for legal claim, net	10	**–**	(923)
Operating profit before working capital changes		**26,321**	35,952
Decrease/(increase) in loans receivable and interest receivables		**309,572**	(106,717)
(Increase)/decrease in trade and other receivables		**(4,495)**	20,456
(Decrease)/increase in other payables		**(574)**	1,156
Cash generated from/(used in) operating activities		**330,824**	(49,153)
Income tax paid		**(6,818)**	(5,459)
Net cash generated from/(used in) operating activities		**324,006**	(54,612)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from financial assets at FVTPL		**3,000**	4,184
Interest received		**648**	60
Proceeds from disposal of financial assets at FVTPL		**–**	20,838
Purchases of property, plant and equipment		**(497)**	(63)
Net cash generated from investing activities		**3,151**	25,019

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares under open offer	26	–	149,566
Payment for transaction costs attributable to issue of new ordinary shares from open offer		–	(3,751)
Dividend paid to non-controlling interests		**(23,550)**	(40,386)
Net cash (used in)/generated from financing activities		**(23,550)**	105,429
NET INCREASE IN CASH AND CASH EQUIVALENTS		**303,607**	75,836
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**159,997**	84,161
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**463,604**	159,997
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**463,604**	159,997

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

1. GENERAL INFORMATION

Rich Goldman Holdings Limited was incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office and principal place of business is Room 1807, 18/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 21 to the consolidated financial statements.

2. BASIS OF PREPARATION

The 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. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The Company has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

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

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 July 2020. 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 1 Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to HKAS 8 Definition of Accounting Estimates	1 January 2023

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

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties and certain financial instruments are measured at fair value).

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

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

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and goodwill (Continued)

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

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's presentation currency and functional currency.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land held for use in the supply of services, or for administrative purpose, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Land and buildings	25 years
Leasehold improvement and decoration	4-5 years
Furniture, fixtures and equipment	5 years
Computer equipment	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Investment properties

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

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

The gain or loss on disposal of investment properties are the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 4(q).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Operating leases

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

(i) The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

(ii) The Group as a lessor

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

(g) Intangible assets

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

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

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

(h) Recognition and derecognition of financial instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Recognition and derecognition of financial instruments (Continued)

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

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

(i) Financial assets

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

Debt investments

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

Equity investments

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

(j) Loans receivable

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

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

(k) Interest receivables

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

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

(l) Trade and other receivables

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Cash and cash equivalents

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

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Equity instruments

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

(q) Revenue recognition

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

Revenue is recognised over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

The Group provides hotel rooms to customers. The performance obligation represents provision of hotel accommodation services for customers. Revenue from hotel room rental is recognised when the performance obligation is satisfied over the period of stay for the customers.

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

The Group provides services to junket operator by introducing customers to casino's VIP rooms. The performance obligation represents provision of gaming-related marketing and public relation services to the junket operator. Revenue from such service is recognised when a performance obligation satisfied over time as the Group is entitled to receive its commission income according to the relevant operating performance from the junket operator which simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Dividend income is recognised when the shareholders' rights to receive payment are established.

The Group provides property leasing services to customers. Rental income is recognised on a straight-line basis over the lease term.

(r) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(s) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(t) Government grants

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

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

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

(u) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Taxation (Continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

(viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value-in-use and the fair value less costs of disposal of the individual asset or the CGU.

Value-in-use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(x) Impairment of financial assets

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(z) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

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

For Essence Gold Investment Limited

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Critical judgements in applying accounting policies (Continued)

(b) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale.

(c) Significant increase in credit risk

As explained in note 6(b), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment allowance for loans receivable and interest receivables

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

As at 30 June 2021, the total carrying amount of loans receivable and interest receivables was approximately HK$109,581,000 (net of impairment allowance of approximately HK$1,350,000) (2020: HK$420,241,000 (net of impairment allowance of approximately HK$262,000)).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(b) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 30 June 2021 was approximately HK$431,656,000 (2020: HK$473,049,000).

(c) Impairment of segment assets of hotel operations business

Determining whether the Group's segment assets of the hotel operations business are impaired requires an estimation of the recoverable amount of these assets. The recoverable amount of the hotel operations business segment assets is estimated at fair value less cost of disposal.

The Group's hotel operations business segment assets mainly represent the hotel property included in property, plant and equipment which is stated at cost less depreciation and impairment losses. The recoverable amount of the hotel property is determined at fair value less cost of disposal. The management relies on the valuation report prepared by an independent firm of chartered surveyors to determine the recoverable amount of the hotel property under market comparison approach, with major assumptions on market conditions such as age of building, location, accessibility, property condition and retail potential.

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

The carrying amount of hotel property included in property, plant and equipment at the end of the reporting period was approximately HK$371,800,000 (2020: HK$410,300,000) after recognition of impairment loss of approximately HK$21,254,000 (2020: HK$64,962,000) during the year.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Income tax

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, approximately HK$8,462,000 (2020: HK$2,336,000) of income tax was charged to profit or loss based on the estimated profit.

(e) Fair value of investment properties

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

The carrying amount of investment properties as at 30 June 2021 was approximately HK$137,500,000 (2020: HK$138,000,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk is primarily attributable to its trade receivables, loans receivable, interest receivables and bank and cash balances. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt and loan granted regularly to ensure that adequate impairment losses are recognised for irrecoverable debts/loans. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permit the use of lifetime expected loss provision for trade receivables. The ECL on trade receivables are estimated by reference to settlement track records of debts, trade receivable aging, background and financial condition of the customers, collaterals held by the Group and cash received subsequent to the reporting period.

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables as at 30 June 2021 and 2020:

		2021	
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**0.00**	**53**	**–**
1 – 90 days past due	**0.00**	**96**	**–**
More than 90 days past due	**10.00**	**10**	**1**
		159	**1**

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables (Continued)

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

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

Loans receivable and interest receivables

Credit risk management

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

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

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

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

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (Continued)

Credit risk management (Continued)

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

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

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

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

Measurement of ECL

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

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

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

The key inputs used for measuring ECL are:

– Probability of default;

– Loss given default; and

– Exposure at default.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (Continued)

Measurement of ECL (Continued)

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

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

- The Group's estimation of probabilities of default to individual customers;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures; and
- Determination of associations between macroeconomic scenarios and, economic inputs, such as delinquency ratios and collateral values, and the effect on probabilities of default, exposures at default and losses given default.

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

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

- Stage 1: financial assets without significant increase in credit risk since initial recognition where loss allowance is calculated based on 12-month ECL
- Stage 2: financial assets with significant increase in credit risk since initial recognition where loss allowance is calculated based on lifetime ECL
- Stage 3: credit impaired assets where loss allowance is calculated based on lifetime ECL

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (Continued)

Significant increase in credit risk

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

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

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

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

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

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

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

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

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (Continued)

Significant increase in credit risk (Continued)

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

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

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

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

Definition of default

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

- Probable bankruptcy entered by the borrowers; or

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

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (Continued)

Credit-impaired financial assets

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

- Significant financial difficulty of the issuer or the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Incorporation of forward-looking information

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

Credit risk exposure

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (Continued)

Credit risk exposure (Continued)

	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
As at 30 June 2021				
Loans receivable	**95,758**	**11,800**	**56**	**107,614**
Impairment allowance	**(1,279)**	**–**	**(56)**	**(1,335)**
Loans receivable – net of impairment allowance	**94,479**	**11,800**	**–**	**106,279**
Interest receivables	**2,958**	**354**	**5**	**3,317**
Impairment allowance	**(10)**	**–**	**(5)**	**(15)**
Interest receivables – net of impairment allowance	**2,948**	**354**	**–**	**3,302**

	Stage 1 12-month ECL HK$'000
As at 30 June 2020	
Loans receivable	419,956
Impairment allowance	(261)
Loans receivable – net of impairment allowance	419,695
Interest receivables	547
Impairment allowance	(1)
Interest receivables – net of impairment allowance	546

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Loans receivable and interest receivables (Continued)

Sensitivity analysis

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

The following table shows the impact on ECL allowance on loans receivable and interest receivables as at 30 June 2021 and 2020 by changing individual input:

Changes in input on ECL model	**Increase/(decrease) on ECL allowance on loans receivable and interest receivables**	
	2021	2020
	HK$'000	HK$'000
Assuming the forecast collateral value increase by 10%	**–**	–
Assuming the forecast collateral value decrease by 10%	**–**	–
Assuming the expected default rate is relatively increased by 10%	**129**	26
Assuming the expected default rate is relatively decreased by 10%	**(129)**	(26)

Collateral is obtained in respect of loans receivable amounted to HK$93,746,000 (2020: HK$413,934,000) as at 30 June 2021. Such collaterals comprise properties pledged against the loans receivable.

Concentration of credit risk

At 30 June 2021, 82.9% (2020: 85.2%) of the total loans receivable and interest receivables was due from the Group's three largest customers, within the money lending business segment.

Bank and cash balances

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group's financial liabilities are either on demand or matured less than 1 year as at 30 June 2021 and 2020.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or the interest income of a portfolio will fluctuate due to changes in market interest rates. The Group's major interest-bearing assets at the end of the reporting period are bank deposits and interest-bearing loans receivable. Interests on bank deposits are principally based on deposits rates offered by banks in Hong Kong and Macau. Interest-bearing loans receivable are charged at fixed rates.

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

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

(e) Categories of financial instruments at 30 June 2021 and 2020

	2021 **HK$'000**	2020 HK$'000
Financial assets:		
Financial assets at FVTPL	**31,488**	31,492
Financial assets at amortised cost	**468,929**	581,167
Financial liabilities:		
Financial liabilities at amortised cost	**2,715**	3,357

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 inputs that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 June 2021 and 2020:

At 30 June 2021 and 2020, the fair value measurements of the Group's financial assets at FVTPL and investment properties are recurring and are determined using level 3 inputs.

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

		Financial asset at FVTPL	
Description	**Investment properties HK$'000**	**Unlisted fund investment HK$'000**	**Total HK$'000**
At 1 July 2020	**138,000**	**31,492**	**169,492**
Total losses recognised in profit or loss (#)	**(500)**	**(4)**	**(504)**
At 30 June 2021	**137,500**	**31,488**	**168,988**
(#) Include in "other gains or losses" for assets held at end of reporting period	**(500)**	**(4)**	**(504)**

7. FAIR VALUE MEASUREMENTS (Continued)

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

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

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. In respect of level 3 fair value measurements, the Group normally engages external valuation experts with relevant recognised qualifications and experience to perform the valuations. The financial controller reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least twice a year.

The valuation techniques used and the key inputs to level 3 fair value measurements are set out below:

Description	**Valuation technique and key input**
Commercial units located in Hong Kong	Market comparison approach – Adjusted factor on age of building and location
Unlisted fund investment	Fair values of underlying investments provided by the administrator of fund

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021: (Continued)

The information about the significant unobservable inputs used in level 3 measurements is set out below:

Description	Valuation technique	Unobservable input	Range	Effect on fair value for increase of inputs	Fair value 2021 HK$'000	Fair value 2020 HK$'000
Commercial units located in Hong Kong	Market comparison approach	Adjusted factor			**137,500**	138,000
		– age of building	0% – 17%	Decrease		
		– location	0% – 15%	Increase		
Financial assets at FVTPL – Unlisted fund investment	Fair value of underlying investments	N/A	N/A	N/A	**31,488**	31,492

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

8. REVENUE AND SEGMENT INFORMATION

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

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

The Group has four operating segments as follows:

(i) To introduce customers in Macau to respective casino's VIP rooms and receiving the profit streams from junket businesses at respective casino's VIP rooms (the "Gaming and Entertainment Business");

(ii) Money lending business;

(iii) Hotel operations business; and

(iv) Property leasing business.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include certain other income, unallocated other gains and losses, and unallocated administrative expenses. Segment assets do not include unallocated corporate asset. Segment liabilities do not include unallocated corporate liabilities.

8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information

(i) Segment revenue and results

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

	Gaming and Entertainment Business HK$'000	Money lending business HK$'000	Hotel operations business HK$'000	Property leasing business HK$'000	Total HK$'000
Year ended 30 June 2021					
Revenue	19,638	25,890	4,462	1,075	51,065
Depreciation	–	(38)	(17,675)	–	(17,713)
Fair value loss on investment properties	–	–	–	(500)	(500)
Impairment losses on loans receivable and interest receivables, net	–	(1,088)	–	–	(1,088)
Impairment loss on property, plant and equipment	–	–	(21,254)	–	(21,254)
Income tax expense	(2,335)	(930)	(3,295)	(1,902)	(8,462)
Segment results	19,565	17,653	(40,229)	(18)	(3,029)
Unallocated other income					3,702
Unallocated other gains and losses					(4)
Unallocated expenses					(14,179)
Loss before tax					(13,510)

8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(i) Segment revenue and results (Continued)

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

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8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(ii) Segment assets and liabilities

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

	Gaming and Entertainment Business HK$'000	Money lending business HK$'000	Hotel operations business HK$'000	Property leasing business HK$'000	Total HK$'000
At 30 June 2021					
Assets					
Segment assets	196	173,349	374,607	149,436	697,588
Unallocated corporate assets					483,512
Consolidated total assets					1,181,100
Liabilities					
Segment liabilities	(2,604)	(2,113)	(2,215)	(2,135)	(9,067)
Unallocated corporate liabilities					(1,291)
Consolidated total liabilities					(10,358)

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

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

Unallocated corporate liabilities mainly represent other payables.

8. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(iii) Geographical segments

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

The Group's non-current assets include property, plant and equipment, investment properties 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 goodwill, it is based on the location of the operation to which they are allocated.

	Revenue from external customers Year ended 30 June		Non-current assets As at 30 June	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**31,427**	32,109	**569,156**	611,049
Macau	**19,638**	21,816	**–**	–
	51,065	53,925	**569,156**	611,049

(iv) Information about major customers

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

	Segment	Note	2021 HK$'000	2020 HK$'000
Customer A	Gaming and Entertainment Business	(i)	**19,638**	–
Customer B	Gaming and Entertainment Business	(ii)	**–**	21,816
Customer C	Money lending business		**7,000**	–
Customer D	Money lending business		**6,837**	–
Customer E	Money lending business		**–**	7,137

Notes:

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

(ii) Customer B is an entity owned by a shareholder of a non-controlling interest of another subsidiary.

9. OTHER INCOME

	2021	2020
	HK$'000	HK$'000
Bank interest income	**648**	60
Dividend income from financial assets at FVTPL	**3,000**	4,184
Government grants (note)	**948**	665
Others	**88**	14
	4,684	4,923

Note: During the year, the Group recognised government grants of approximately HK$944,000 and HK$4,000 which was related to Employment Support Scheme and the Anti-epidemic Support Scheme for Property Management Sector respectively (2020: HK$361,000, HK$300,000 and HK$4,000 which was related to Employment Support Scheme, the Tourism Industry Support Scheme and the Anti-epidemic Support Scheme for Property Management Sector, respectively) 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 as required by Employment Support Scheme. The Group did not have any unfulfilled conditions relating to these programs during the year.

10. OTHER GAINS AND LOSSES

	2021	2020
	HK$'000	HK$'000
Amortisation of intangible assets (note 19)	**–**	(23,786)
Fair value loss on financial assets at FVTPL	**(4)**	(111)
Impairment loss on goodwill (note 20)	**–**	(2,644)
Loss on disposals of financial assets at FVTPL	**–**	(230)
Loss on disposals of property, plant and equipment	**(3)**	–
Reversal of impairment loss on trade receivables (note 25)	**3**	7,650
Reversal of provision for legal claim, net	**–**	923
	(4)	(18,198)

11. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2021	2020
	HK$'000	HK$'000
Auditor's remuneration	**940**	850
Depreciation (note 17)	**20,633**	23,388
Rental expenses relating to leases of low value assets	**197**	–

12. EMPLOYEE BENEFITS EXPENSE

	2021 HK$'000	2020 HK$'000
Employee benefits expense (excluding directors' emoluments):		
Salaries, bonuses and allowances	**10,042**	7,060
Retirement benefit scheme contributions	**352**	276
	10,394	7,336

Five highest paid individuals

The five highest paid individuals in the Group during the year included one director (2020: three directors) (such director is also the Company's chief executive) whose emoluments are reflected in the analysis presented in note 13. The emoluments of the remaining four (2020: two) individuals are set out below:

	2021 HK$'000	2020 HK$'000
Basic salaries and allowances	**2,207**	1,073
Discretionary bonuses	**87**	–
Retirement benefit scheme contributions	**63**	36
	2,357	1,109

The emoluments fell within the following band:

	Number of individuals	
	2021	2020
HK$nil to HK$1,000,000	**4**	2

13. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments paid to or receivable by each of the directors and the chief executive, whether of the Company or its subsidiaries undertaking as follows:

	Year ended 30 June 2021					
	Fees HK$'000	Salaries HK$'000	Discretionary Bonus HK$'000	Housing allowance HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive and non-executive directors:						
Mr. Lin Chuen Chow Andy	–	420	50	185	18	673
Ms. So Wai Yin (note (ii))	–	177	42	100	6	325
Mr. Nicholas J. Niglio (note (iii))	–	440	37	–	–	477
Independent non-executive directors:						
Mr. Yue Fu Wing	60	–	–	–	–	60
Mr. Cheung Yat Hung, Alton	60	–	–	–	–	60
Ms. Yeung Hoi Ching	60	–	–	–	–	60
	180	1,037	129	285	24	1,655

	Year ended 30 June 2020					
	Fees HK$'000	Salaries HK$'000	Discretionary Bonus HK$'000	Housing allowance HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive and non-executive directors:						
Mr. Danny Xuda Huang (note (i))	–	40	–	–	2	42
Mr. Lin Chuen Chow Andy	–	481	50	186	18	735
Ms. So Wai Yin (note (ii))	–	397	309	300	18	1,024
Mr. Nicholas J. Niglio (note (iii))	–	477	–	–	–	477
Independent non-executive directors:						
Mr. Yue Fu Wing	60	–	–	–	–	60
Mr. Cheung Yat Hung, Alton	60	–	–	–	–	60
Ms. Yeung Hoi Ching	60	–	–	–	–	60
	180	1,395	359	486	38	2,458

13. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Notes:

(i) Resigned on 24 July 2019.

(ii) Resigned on 20 October 2020.

(iii) Mr. Nicholas J. Niglio reached the age of 65 in November 2011 and no mandatory provident fund was required to be contributed by the Group thereafter.

Mr. Lin Chuen Chow Andy is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as chief executive.

Neither the chief executive nor any of the directors waived any emoluments during the year (2020: HK$nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

14. INCOME TAX EXPENSE

	2021 **HK$'000**	2020 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**1,480**	3,835
Over-provision in prior years	**(19)**	(285)
	1,461	3,550
Current tax – Macau Complementary Tax		
Provision for the year	**2,335**	–
Deferred tax (note 22)	**4,666**	(1,214)
	8,462	2,336

Under the two-tiered profits tax regime, the first HK$2 million of assessable profits of the qualifying Group's entity incorporated in Hong Kong 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%. The profits of the Group's entities not qualified for the two-tiered profit regime will continue to be taxed at a rate of 16.5%.

Tax charge on profits assessable elsewhere has 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 entity operating in Macau is subject to Macau Complementary tax rate of 12%. No provision for Macau Complementary tax for the year ended 30 June 2020 has been made as the gaming revenue is received net of taxes collected by the Macau Special Administrative Region Government and paid directly by the casino operators in Macau on a monthly basis.

14. INCOME TAX EXPENSE (Continued)

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

	2021 HK$'000	2020 HK$'000
Loss before taxation	**(13,510)**	(78,840)
Tax calculated at applicable tax rate of 16.5% (2020: 16.5%)	**(2,229)**	(13,008)
Tax effect of expenses that are not deductible	**7,699**	19,216
Tax effect of income that is not taxable	**(756)**	(4,635)
Tax effect of temporary differences not recognised	**(44)**	2,538
Tax effect of recognition of temporary differences not previously recognised	**5,592**	–
Tax effect of unused tax losses not recognised	**(740)**	–
Income tax on concessionary rate	**(165)**	(165)
Effect of different tax rates of subsidiaries	**(876)**	(1,325)
Over-provision in prior years	**(19)**	(285)
Income tax expense	**8,462**	2,336

15. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the years ended 30 June 2021 and 2020.

16. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$30,356,000 (2020: HK$85,705,000) and the weighted average number of ordinary shares of 1,938,822,690 (2020: 1,216,872,509) in issue during the year.

Diluted loss per share

No diluted loss per share has been presented as there were no potential dilutive shares outstanding for the years ended 30 June 2021 and 2020.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvement and decoration HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
Cost					
At 1 July 2019	569,800	1,604	2,111	543	574,058
Additions	–	–	35	28	63
At 30 June 2020 and 1 July 2020	569,800	1,604	2,146	571	574,121
Additions	–	–	135	362	497
Disposal	–	–	(6)	–	(6)
At 30 June 2021	**569,800**	**1,604**	**2,275**	**933**	**574,612**
Accumulated depreciation and impairment					
At 1 July 2019	10,264	535	1,449	474	12,722
Charge for the year	22,792	363	210	23	23,388
Impairment loss	64,962	–	–	–	64,962
At 30 June 2020 and 1 July 2020	98,018	898	1,659	497	101,072
Charge for the year	20,062	310	204	57	20,633
Disposal	–	–	(3)	–	(3)
Impairment loss	21,254	–	–	–	21,254
At 30 June 2021	**139,334**	**1,208**	**1,860**	**554**	**142,956**
Carrying amount					
At 30 June 2021	**430,466**	**396**	**415**	**379**	**431,656**
At 30 June 2020	471,782	706	487	74	473,049

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

All the Group's land and buildings are located in Hong Kong.

Due to the operating loss of the Group's hotel operations business segment and worsening of global economic outlook after the outbreak of COVID-19, management concluded there were indications of impairment and performed an impairment assessment on the Group's hotel operations business segment assets, mainly the hotel property included in land and buildings as at 30 June 2021 to determine the recoverable amount of the hotel operations business segment to which the assets belong.

The recoverable amount of the hotel operations business segment assets is estimated based on the fair value less costs of disposal. The fair value less cost of disposal of the hotel property is estimated based on valuation techniques with significant unobservable inputs and assumptions of market conditions, and based on the valuation conducted by APAC Appraisal and Consulting Limited, an independent firm of chartered surveyors, and approved by the directors of the Company. The valuation was arrived at by using market comparison approach referencing to market evidence of recent transactions for similar properties.

Based on the fair value less costs of disposal calculation, the recoverable amount of the hotel operations business segment was approximately HK$371,800,000 (2020: HK$410,300,000). Impairment loss of approximately HK$21,254,000 (2020: HK$64,962,000) was recognised in profit or loss during the year for the hotel property of the hotel operations business segment.

18. INVESTMENT PROPERTIES

	2021 **HK$'000**	2020 HK$'000
Fair value		
At the beginning of year	**138,000**	151,000
Fair value loss	**(500)**	(13,000)
At the end of year	**137,500**	138,000

Investment properties were revalued at 30 June 2021 and 2020 on the open market value basis by reference to market evidence of recent transactions for similar properties by APAC Appraisal and Consulting Limited (2020: BMI Appraisals Limited), an independent firm of chartered surveyors. Valuation for commercial properties was derived using the market comparison approach. Details of the valuation techniques and inputs used in fair value measurement are set out in note 7(c).

19. INTANGIBLE ASSETS

The intangible assets represent the rights in sharing of profit streams from junket businesses at respective casinos' VIP rooms in Macau. Such intangible assets are carried at cost less accumulated amortisation and impairment losses, and are related to the Gaming and Entertainment Business.

Amortisation charges of approximately HK$23,786,000 in respect of the above was charged for the year ended 30 June 2020.

The underlying junket representative agreement between the junket operator and the casino operator has not been renewed upon expiration on 31 March 2020 and the cost, accumulated amortisation and impairment loss were fully written off as at 30 June 2020.

20. GOODWILL

	2021 **HK$'000**	2020 HK$'000
Cost		
At the beginning and end of year	**2,644**	2,644
Accumulated losses		
At the beginning of year	**2,644**	–
Impairment loss (note 10)	**–**	2,644
At the end of year	**2,644**	2,644
Carrying amount		
At the end of year	**–**	–

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

As at 30 June 2020, due to the slow-down in the hotel operations business segment, the Group has revised its cashflow forecast for the CGUs. Impairment loss on goodwill of approximately HK$2,644,000 was recognised for the year ended 30 June 2020.

21. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2021 are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of ownership interest		Principal activities
			Direct	Indirect	
Ever Lucky Worldwide Limited ("Ever Lucky")	British Virgin Islands ("BVI")/ Macau	United States dollars ("US$") 50,000	–	51%	Receive profit streams from gaming and entertainment related business
Top Vast Finance Limited	Hong Kong	HK$1	–	100%	Money lending
Harbour Bay Hotels Limited	Hong Kong	HK$10,000	–	100%	Operation of a hotel
Ever Praise Enterprises Limited	BVI/ Hong Kong	US$10,000	–	100%	Property investment and leasing

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21. PRINCIPAL SUBSIDIARIES (Continued)

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	Ever Lucky (note (a))	Essence Gold and its subsidiary (note (b))	
	2021 HK$'000	**2021 HK$'000**	2020 HK$'000
Principal place of business/country of incorporation	**Macau/BVI**	**Macau/BVI**	Macau/BVI
% of ownership interests/voting rights held by NCI	**49%/33%**	**80%/33%**	80%/33%
At 30 June:			
Current assets	**20,018**	**–**	29,516
Current liabilities	**(2,517)**	**–**	(129)
Net assets	**17,501**	**–**	29,387
Accumulated NCI	**8,575**	**–**	23,509
Year ended 30 June:			
Revenue	**19,638**	**–**	21,816
Other income and expenses	**(190)**	**51**	(16,154)
Profit before tax	**19,448**	**51**	5,662
Income tax expense	**(2,334)**	**–**	–
Profit and total comprehensive income for the year	**17,114**	**51**	5,662
Profit allocated to NCI	**8,386**	**41**	4,529
Dividends paid to NCI	**–**	**23,550**	40,386
Net cash (used in)/generated from operating activities	**(388)**	**51**	41,939
Net cash generated from investing activities	**–**	**116**	29
Net cash generated from/(used in) financing activities	**388**	**(29,659)**	(50,432)
Net decrease in cash and cash equivalents	**–**	**(29,492)**	(8,464)

Notes:

(a) Ever Lucky was incorporated in the BVI on 15 December 2020.

(b) Essence Gold was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Group held 20% equity interests in Essence Gold as at 30 June 2021 and 2020, 80% of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interests.

22. DEFERRED TAX

The following are the deferred tax assets/(liabilities) recognised and the movements thereon during the current and prior years:

	Property, plant and equipment HK$'000	Investment properties HK$'000	Loans receivable and interest receivables HK$'000	Trade receivables HK$'000	Tax losses HK$'000	Total HK$'000
At 1 July 2019	–	–	129	–	96	225
Credit/(charge) to profit or loss for the year (note 14)	79	–	(85)	1	1,219	1,214
At 30 June 2020 and 1 July 2020	79	–	44	1	1,315	1,439
(Charge)/credit to profit or loss for the year (note 14)	(4,849)	(1,459)	169	(1)	1,474	(4,666)
At 30 June 2021	**(4,770)**	**(1,459)**	**213**	**–**	**2,789**	**(3,227)**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes.

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**151**	1,439
Deferred tax liabilities	**(3,378)**	–
	(3,227)	1,439

At the end of the reporting period, the Group had unused tax losses of approximately HK$22,965,000 (2020: HK$18,514,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$16,905,000 (2020: HK$7,973,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of approximately HK$6,060,000 (2020: HK$10,541,000) due to the unpredictability of future profits streams. Tax losses may be carried forward indefinitely.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Financial assets at FVTPL		
– Unlisted fund investment	**31,488**	31,492

As at 30 June 2021, carrying amount of unlisted fund investment of approximately HK$31,488,000 (2020: HK$31,492,000) which is not quoted in an active market. The fair value of investment is stated with reference to the net asset value provided by administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

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

24. LOANS RECEIVABLE AND INTEREST RECEIVABLES

	2021 HK$'000	2020 HK$'000
Loans receivable	**107,614**	419,956
Less: Provision for impairment of loans receivable	**(1,335)**	(261)
Loans receivable, net of provision	**106,279**	419,695
Interest receivables	**3,317**	547
Less: Provision for impairment of interest receivables	**(15)**	(1)
Interest receivables, net of provision	**3,302**	546
	109,581	420,241
Analysed as:		
– Non-current assets	**10,546**	1,356
– Current assets	**99,035**	418,885
	109,581	420,241

24. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

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

	2021 HK$'000	2020 HK$'000
Loans receivable		
Neither past due nor impaired		
– Secured	93,746	413,934
– Unsecured	12,533	5,761
	106,279	419,695
Interest receivables		
Neither past due nor impaired		
– Secured	2,924	484
– Unsecured	122	62
1-30 days past due		
– Secured	128	–
31-90 days past due		
– Secured	128	–
	3,302	546
	109,581	420,241

The secured loans were mainly secured by the properties. The fair values of the collaterals, as assessed by the management at respective loans' inception date are not less than the principal amount of the relevant loans.

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24. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

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

	2021 **HK$'000**	2020 HK$'000
Hong Kong dollars	**106,580**	417,100
United States dollars	**3,001**	3,141
	109,581	420,241

All of the loans receivable bear interest and are repayable within the fixed term agreed with the customers. As at 30 June 2021, the average effective interest rate of the loans receivable was 18% (2020: 7%) per annum.

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

	Loans receivable			
	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
At 1 July 2019	768	–	–	768
New loans originated	250	–	–	250
Loans repaid during the year	(760)	–	–	(760)
Charged for the year	3	–	–	3
At 30 June 2020 and 1 July 2020	261	–	–	261
New loans originated	1,130	–	56	1,186
Loans repaid during the year	(251)	–	–	(251)
Charged for the year	139	–	–	139
At 30 June 2021	**1,279**	**–**	**56**	**1,335**

24. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

	Interest receivables			
	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
At 1 July 2019	6	–	–	6
New loans originated	1	–	–	1
Loans repaid during the year	(6)	–	–	(6)
At 30 June 2020 and 1 July 2020	1	–	–	1
New loans originated	8	–	5	13
Loans repaid during the year	(1)	–	–	(1)
Charged for the year	2	–	–	2
At 30 June 2021	**10**	**–**	**5**	**15**

In general, loans receivable and interest receivables are considered as default with the loans receivable and interest receivables being overdue by 60 days. As at 30 June 2021, loans receivable and interest receivables of approximately HK$56,000 and HK$5,000, respectively were default under lifetime ECL and a provision of approximately HK$56,000 and HK$5,000 was provided, respectively. As at 30 June 2020, no loans receivable nor interest receivables were 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 2021, the charge of impairment allowance of loans receivable of approximately HK$139,000 (2020: HK$3,000), and that of interest receivables of approximately HK$2,000 (2020: HK$nil) was due to change in probability of default and loss given default during the year.

24. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

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	
	2021	2020
	HK'000	HK'000
Within one year	**95,733**	418,339
In the second to fifth years inclusive	**6,811**	1,356
More than five years	**3,735**	–
	106,279	419,695

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

25. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	HK$'000
Trade receivables from Gaming and Entertainment Business from customer A (note 8(iv)(i))	**4**	–
Trade receivables from hotel operations business	**155**	53
Trade receivables from property leasing business	**–**	54
	159	107
Impairment losses on trade receivables	**(1)**	(4)
	158	103
Deposits, prepayments and other receivables	**5,617**	984
	5,775	1,087

25. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows trade receivables from Gaming and Entertainment Business an average credit period ranging from 30 days to 90 days. Before accepting any new customers, the management internally assesses the credit quality of the potential customer and defines 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:

	2021 **HK$'000**	2020 HK$'000
0 – 90 days	**158**	102
91 – 180 days	**–**	1
	158	103

As at 30 June 2021, an allowance was made for estimated irrecoverable trade receivables of approximately HK$1,000 (2020: HK$4,000).

Reconciliation of allowance for trade receivables:

	2021 **HK$'000**	2020 HK$'000
At the beginning of year	**4**	7,654
Reversed during the year (note 10)	**(3)**	(7,650)
At the end of year	**1**	4

The trade receivables were denominated in Hong Kong dollars.

Included in the other receivables is an amount due from non-controlling interests of approximately HK$190,000 (2020: HK$nil) which is unsecured, interest-free and has no fixed repayment terms.

26. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares, issued and fully paid:		
At 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 July 2020 and 30 June 2021	**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.

The Group receives a report from the share registrar and transfer office regularly on substantial share interests showing the non-public float and demonstrates the continuing compliance with the 25% limit throughout the year.

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

27. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") adopted on 18 September 2007 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include employees of the Group, executive or non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or invested entity, suppliers of goods or services to the Group or invested entity, person or entity that provides research, development or other technical support to the Group or invested entity, shareholders of members of the Group or invested entity, holders of securities issued by members of the Group or invested entity, advisers or consultants to business development of the Group or invested entity, and joint venture partners or counterparties to business operation or business arrangements of the Group or its employees. The Scheme became effective on 18 September 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The subscription price for the Company's shares under the Scheme is determined by the Board and shall be at least the highest of (i) the closing price of the Company's shares listed on the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of the offer of the share options, and (iii) the nominal value of the Company's shares (if any).

The total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 30% of the shares in issue from time to time. The total number of shares available for issue upon exercise of all options which have been or may be granted under the Scheme must not exceed 69,120,000 shares. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period up to the date of grant must not exceed 1% of the aggregate number of shares for the time being in issue. Any further grant of share options in excess of this limit is subject to shareholder's approval in a general meeting.

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

The offer of the share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the offeree. The exercise period of the share options ends on ten years from the date of the offer of the share options, notwithstanding the expiry of the Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Each share option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares.

Details of share options granted

During the year ended 30 June 2021, no option (2020: approximately 4,178,000 options) granted under the Scheme was forfeited upon the resignation of the eligible participant.

At 30 June 2021, the options have exercise prices of approximately HK$0.5 (2020: HK$0.5) under the Scheme. The weighted average remaining contractual life of the options was approximately 4.76 years (2020: 5.76 years).

27. SHARE OPTION SCHEME (Continued)

Details of specific categories of share options and the movements during the years ended 30 June 2021 and 2020 are as follows:

	Number of share options outstanding and exercisable					
Participants	At 1 July 2020	Forfeited during the year	At 30 June 2021 (note i)	Date of grant of share options (note ii)	Exercise period of share options	Adjusted exercise price of share options (note iii)
	'000	'000	'000			HK$
Directors						
Mr. Nicholas J. Niglio	5,119	–	5,119	1/4/2016	1/4/2016 to 31/3/2026	0.50
Mr. Lin Chuen Chow Andy	5,119	–	5,119	1/4/2016	1/4/2016 to 31/3/2026	0.50
	10,238	–	10,238			
Weighted average exercise price (HK$)	0.50	–	0.50			
Outstanding and exercisable			10,238			

27. SHARE OPTION SCHEME (Continued)

Details of specific categories of share options and the movements during the years ended 30 June 2021 and 2020 are as follows: (Continued)

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

27. SHARE OPTION SCHEME (Continued)

Notes:

(i) The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not in aggregate exceed 10% of the relevant class of shares of the Company (or its subsidiaries in issue at the date of approval of the relevant share option scheme. Subject to compliance with the Listing Rules, the limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the relevant class of shares of the Company in issue from time to time.

(ii) The vesting period of the share options is from the grant date until the commencement of the exercise period.

(iii) The number of shares entitled to be subscribed for, the exercise prices under the outstanding share options, the fair value per share option and the closing price of the Company's shares immediately before the grant date have been adjusted upon completions of share consolidation in May 2016 and the open offer in June 2016 and January 2020. Details of which may refer to the announcements of the Company dated 20 May 2016, 24 June 2016 and 29 January 2020.

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

28. CONTINGENT LIABILITIES

At 30 June 2021 and 30 June 2020, the Group did not have any significant contingent liabilities.

29. LEASE COMMITMENTS

The Group as lessor

At 30 June 2021 the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2021 **HK$'000**	2020 HK$'000
Within one year	**371**	106
In the second to fifth years inclusive	**88**	–
	459	106

30. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

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

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

(a) Statement of financial position of the Company

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**58,791**	61,706
Investments in subsidiaries		**595,092**	595,092
Total non-current assets		**653,883**	656,798
Current assets			
Other receivables		**4,380**	432
Amounts due from subsidiaries		**203,608**	513,229
Bank and cash balances		**359,698**	23,864
Total current assets		**567,686**	537,525
Current liabilities			
Other payables		**1,577**	1,926
Amounts due to subsidiaries		**371,372**	351,752
Total current liabilities		**372,949**	353,678
Net current assets		**194,737**	183,847
NET ASSETS		**848,620**	840,645
Equity			
Share capital		**1,317,737**	1,317,737
Reserves	32(b)	**(469,117)**	(477,092)
TOTAL EQUITY		**848,620**	840,645

Approved by the Board of Directors on 29 September 2021 and are signed on its behalf by:

Lam Yick Man
Director

Nicholas J. Niglio
Director

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

The amounts of the Company's reserves and the movements therein for the years ended 30 June 2021 and 2020 are as follows:

	Property revaluation reserve HK$'000	Non-distributable reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2019	5,922	1,264	3,941	(492,132)	(481,005)
Total comprehensive income for the year	–	–	–	3,913	3,913
Transfer to accumulated losses upon forfeiture of share options	–	–	(1,313)	1,313	–
At 30 June 2020 and 1 July 2020	5,922	1,264	2,628	(486,906)	(477,092)
Total comprehensive income for the year	–	–	–	7,975	7,975
At 30 June 2021	**5,922**	**1,264**	**2,628**	**(478,931)**	**(469,117)**

32. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Property revaluation reserve

Property revaluation reserve represents the difference between the carrying amount and the fair value of a property at the date of transfer from property, plant and equipment to investment properties in prior years.

(ii) Non-distributable reserve

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

32. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(iii) Share options reserve

The share options reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments.

(iv) Other reserve

The other reserve represents the difference between the consideration paid and the amount of non-controlling interests being adjusted in connection with the acquisition of an additional equity interest in a subsidiary.

33. EVENTS AFTER THE REPORTING PERIOD

On 18 June 2021, the Company entered into a framework agreement to conditionally agree to acquire 51% of the issued share capital of Fast Advance Resources Limited (“the Target Company”) and its subsidiaries (collectively refer as the “Target Group”) at a consideration of HK$74,220,000 from Power Able International Holdings Limited and Original Praise Investment Development Limited. The principal activity of the Target Company is investment holding and its major subsidiary is engaged in property leasing in Shanghai. For details, please refer to the Circular published by the Company on 24 September 2021. Up to the date of this report, the acquisition of the Target Group has not been completed.

34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year’s presentation as the directors consider that the new presentation is more appropriate to the consolidated financial statements.