



金曼控股有限公司
Rich Goldman Holdings Limited

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

INTERIM REPORT 2021/22



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lin Chuen Chow Andy (*Chairman*)
(resigned on 12 January 2022)

Ms. Lin Yee Man (*Chairman*)
(appointed on 12 January 2022)

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*)
(resigned on 12 January 2022)

Ms. Lin Yee Man (*Chairman*)
(appointed on 12 January 2022)

Mr. Cheung Yat Hung, Alton

Mr. Yue Fu Wing

AUTHORISED REPRESENTATIVES

Mr. Lin Chuen Chow Andy
(resigned on 12 January 2022)

Ms. Lin Yee Man
(appointed on 12 January 2022)

Ms. So Hei Lu

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Rich Goldman Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announced that the Group’s profit for the period for the six months ended 31 December 2021 amounted to approximately HK\$4.0 million (for the six months ended 31 December 2020: loss for the period of approximately HK\$18.9 million) and the profit for the period attributable to owners of the Company amounted to approximately HK\$2.3 million (earnings per share of approximately HK\$0.12 cents), as compared to the loss for the period attributable to owners of the Company for the six months ended 31 December 2020 of approximately HK\$18.9 million (loss per share of approximately HK\$0.98 cents).

BUSINESS REVIEW

The Group is principally engaged in (i) introducing customers 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 six months ended 31 December 2021, the Group’s revenue of approximately HK\$27.1 million increased by 41.1% as compared to that of approximately HK\$19.2 million for the six months ended 31 December 2020. The Group recorded a profit for the period of approximately HK\$4.0 million, as compared to a loss for the period of approximately HK\$18.9 million for the six months ended 31 December 2020. The aforesaid turn around from loss to profit was primarily attributable to a gain on bargain purchase on acquisition of a subsidiary of approximately HK\$23.9 million, which was partially offset by the finance costs of approximately HK\$1.5 million incurred during the period.

The Group will continue to focus on its established diversification strategy to cope with 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\$1.4 million for the six months ended 31 December 2021, while the Group did not generate any revenue from this segment for the six months ended 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Gaming and Entertainment Business *(Continued)*

Following the termination of profit sharing agreement entered into between a joint venture formed by Prime Jade Enterprises Limited (a wholly-owned subsidiary of the Company) and Great Happy Century Limited on one hand and a junket representative on the other hand (the “**Profit Sharing Agreement**”) with effect from 1 January 2022, the Group will continue to explore business opportunities for its gaming business in Asia. However, given the challenging operating environment resulted from the prolonged COVID-19 pandemic, particularly, travel restrictions, as well as the regulatory uncertainty in the gaming industry, the Group foresees that the gaming industry will be severely impacted.

In order to cope with such declining trend, the Group will therefore be cautious in exploring and assessing all potential business opportunities in order to balance the return and the associated risks in such opportunities. The Group has also been actively diversifying its businesses such as money lending, hotel operations and property leasing; and reducing its reliance on existing gaming business.

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 for providing diversified loan services such as personal loan, mortgage loan, property owner loan, balance transfer and revolving credit. The Group has established a brand for its money lending business named “Funko Finance” with its website at <https://www.funki.com.hk/>. “Funko Finance” differentiates itself from other money lenders by introducing smart technology lending platform, artificial intelligence concept and electronic contracts to provide customers with a brand-new and swift loan borrowing experience. Currently, customers can apply for loan on the above website through a semi-automated process, which can speed up the lead time of approval and enhance efficiency of handling applications. Since the launch of the website, the convenience of loan application has shown positive results in attracting a more diverse customer base. The Group is also developing a mobile application for online loan application and money withdrawal which is expected to be launched in late 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Money Lending Business *(Continued)*

The loans receivable as at 31 December 2021 amounted to approximately HK\$115.5 million, representing an increase of approximately HK\$7.9 million as compared to that of approximately HK\$107.6 million as at 30 June 2021 due to the expansion of business in personal loan market during the period. The interest income generated for the six months ended 31 December 2021 amounted to approximately HK\$9.9 million, representing a decrease of approximately HK\$6.2 million as compared to that of approximately HK\$16.1 million generated for the six months ended 31 December 2020, due to the repayment of two mortgage loans of approximately HK\$242.0 million prior to the six months ended 31 December 2021, which had generated interest income amounted to approximately HK\$7.1 million for the six months ended 31 December 2020. The interest income for the six months ended 31 December 2021 was generated from a large customer base and therefore is more sustainable.

As at the date of this report, the Group had a sizeable customer base of 276 customers and the loans receivable were approximately HK\$130.4 million. There was an increase in loans receivable of approximately HK\$14.9 million as compared to that as at 31 December 2021 due to new loans originated of approximately HK\$19.0 million after the six months ended 31 December 2021, which was partially offset by repayment of loans principal of approximately HK\$4.1 million. The Group is one of the members of TransUnion. By referencing to customers' credit report, having internal guidelines and credit review policies in place, the Group 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 enlarge 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 as it expands and grows steadily.

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. A majority of the revenue of the Group's hotel operations business was derived from short term and long term rental of the hotel guestrooms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Hotel Operations Business *(Continued)*

The Group recorded a loss before taxation from the hotel operations business amounted to approximately HK\$16.8 million for the six months ended 31 December 2021, representing an improvement when compared to that of approximately HK\$22.2 million for the six months ended 31 December 2020, and was mainly attributable to the reduction in impairment loss made for the six months ended 31 December 2021 on property, plant and equipment of approximately HK\$5.1 million due to a 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 the long run.

Property Leasing Business

The Group's property leasing business in Hong Kong primarily comprises leasing the shops on the ground floor of the hotel property to independent third parties so as to generate another source of income stream for the Group.

The Group has completed its acquisition of 51% of the issued share capital of Fast Advance Resources Limited ("**Fast Advance**") in late September 2021 (the "**Acquisition**"). Fast Advance indirectly owns 100% of the interest of Shanghai Jiasong Property Co., Ltd. (the "**PRC Subsidiary**"), which owns the relevant land use rights and building ownership relating to the properties which are situated at the north side of Jinyan Road, Pudong New District, Shanghai, the People's Republic of China (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) (the "**PRC Properties**"). For further details of the Acquisition, 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.

The PRC Subsidiary has a history of operation and has been leasing the shops and venue spaces in the PRC Properties to various tenants. Following the completion of the Acquisition, the Group has tapped into the property leasing business in the PRC as the PRC Subsidiary has become one of the subsidiaries of the Group.

* *for identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Property Leasing Business *(Continued)*

As at 31 December 2021, a total number of 45 third parties business tenants, a majority of which are chain restaurants with renowned brands such as McDonalds and Starbucks, as well as education centres, had signed a tenancy agreement in relation to shops and venue spaces of an aggregate gross floor area of approximately 16,229 square metres within the PRC Properties; while a gross floor area of approximately 2,215 square metres within the PRC Properties was vacant and available for lease. The PRC Properties are currently managed by a third party management company under a property management agreement which will expire on 31 December 2022.

The underlying profit before taxation from the property leasing business amounted to approximately HK\$3.0 million for the six months ended 31 December 2021 as compared to the loss before taxation of approximately HK\$5.7 million for the six months ended 31 December 2020, which was primarily due to the decrease in fair value loss on investment properties of approximately HK\$4.7 million and the profit before taxation of approximately HK\$3.7 million contributed by the PRC subsidiary.

Developing and complementing the Group's property leasing business, the leasing of the PRC Properties substantially increases the Group's revenues and profits in this business segment and it will become another main stream of revenue and profits of the Group in the long run.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had net current assets of approximately HK\$231.1 million as at 31 December 2021 (as at 30 June 2021: approximately HK\$562.8 million). The total bank and cash balances were approximately HK\$181.0 million as at 31 December 2021 as compared to that of approximately HK\$463.6 million as at 30 June 2021. The Group has currently no other external funding source, and therefore resulting no borrowings as at 31 December 2021 (as at 30 June 2021: nil).

The total equity attributable to owners of the Company as at 31 December 2021 amounted to approximately HK\$1,166.8 million (as at 30 June 2021: approximately HK\$1,162.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING *(Continued)*

As at 31 December 2021, the total liabilities amounted to approximately HK\$208.3 million (as at 30 June 2021: approximately HK\$10.4 million), comprising current tax liabilities of approximately HK\$3.8 million, other payables of approximately HK\$114.8 million and deferred tax liabilities of approximately HK\$89.7 million. The gearing ratio, calculated on the basis of total debts over total equity attributable to owners of the Company was nil as at 31 December 2021 (as at 30 June 2021: nil).

PLEDGE OF ASSETS

As at 31 December 2021, none of the Group's leasehold land and buildings has been pledged as collateral (as at 30 June 2021: nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

Upon the completion of the Acquisition in late September 2021, Fast Advance became a non-wholly owned subsidiary of the Company and its financial results have been consolidated into the financial statements of the Group. For details, please refer to the paragraph headed "Business Review – Property Leasing Business" in this management discussion and analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

IMPORTANT EVENTS AFTER THE END OF FINANCIAL PERIOD

Termination of the Profit Sharing Agreement

For details of the termination of the Profit Sharing Agreement after the end of the financial period, please refer to the paragraph headed “Business Review – Gaming and Entertainment Business” in this management discussion and analysis; and the Company’s announcement dated 30 December 2021.

Change of Executive Director, Chairman of the Board, Chairman of Nomination Committee and Authorised Representative

With effect from 12 January 2022, Mr. Lin Chuen Chow Andy has stepped down from his positions as an executive Director, the chairman (the “**Chairman**”) of the Board, the chairman of the nomination committee of the Company and the authorised representative under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”); and Ms. Lin Yee Man has been appointed as an executive Director, the Chairman of the Board, the chairman of the nomination committee of the Company and the authorised representative under Rule 3.05 of the Listing Rules. For details, please refer to the Company’s announcement dated 13 January 2022.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND PRICES AND RELATED HEDGE

The Group’s cash and cash equivalents are held predominately in Hong Kong dollars, Renminbi (“**RMB**”) and United States dollars. Operating outgoings incurred by the PRC Subsidiary are mainly denominated in RMB, and the PRC Subsidiary usually receives revenue in RMB as well. The management of the Company considers that the Group’s exposure to fluctuation in exchange rates are not significant. During the six months ended 31 December 2021, the Group does not have any foreign currency hedging policy. The management, however, continuously monitors the Group’s foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Save as disclosed above, there were no other significant risks of exchange rates and price during the six months ended 31 December 2021.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2021 (for the six months ended 31 December 2020: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Board is committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasises a quality Board, sound internal controls and transparency to all shareholders.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the six months ended 31 December 2021, except that Mr. Lin Chuen Chow Andy has been both the Chairman and Chief Executive of the Company with effect from 24 July 2019, which deviated from code provision A.2.1 of the CG Code stipulating that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Board is of the opinion that the arrangement 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.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its code of conduct regulating Directors’ dealings in securities of the Company. In response to specific enquiries made, all Directors have confirmed that they have complied with the required standards as set out in the Model Code and its code of conduct regarding Directors’ securities transactions throughout the six months ended 31 December 2021.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Group's interim results and interim report for the six months ended 31 December 2021 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results and report complied with the applicable accounting standards and requirements, adequate disclosures have been made and there was no disagreement with any accounting treatment adopted. The Audit Committee recommended the Board to adopt the same.

COMPOSITION OF THE BOARD

The composition of the Board and the relevant change during the six months ended 31 December 2021 and up to the date of this report is set out below:

Executive Directors

Mr. Lin Chuen Chow Andy (*Chairman*)

(resigned on 12 January 2022)

Ms. Lin Yee Man (*Chairman*)

(appointed on 12 January 2022)

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2021, none of the Directors and the chief executive of the Company 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 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, had interests or short positions in 5% or more of the issued share capital, underlying shares and debentures 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
Ms. Lin Yee Man	Long	1,359,187,606	70.10%
Mr. Wong Yau Shing	Long	108,000,000	5.57%

Save as disclosed above, no other person had registered any interests or short positions, being 5% or more of the share capital, underlying shares and debentures 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 required to be recorded in the register required to be kept by the Company under Section 336 of the SFO as at 31 December 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopts a share option 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.

Details of the movements of the share options during the period are set out as follows:

Name of director	Date of grant	Exercise period	Exercise price per share HK\$	Outstanding as at 1 July 2021	Granted/ exercised/ cancelled/ lapsed during the period	Outstanding as at 31 December 2021
Mr. Nicholas J. Niglio	1/4/2016	1/4/2016 – 31/3/2026	0.50	5,119,000	–	5,119,000
Mr. Lin Chuen Chow Andy	1/4/2016	1/4/2016 – 31/3/2026	0.50	5,119,000	–	5,119,000

The vesting period of the share options was from the date of grant until the commencement of the exercise period.

Save as disclosed above, none of the Directors and chief executives of the Company, or any of their associates, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the six months ended 31 December 2021.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 31 December 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	Notes	Six months ended 31 December	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	3	27,111	19,173
Cost of services provided		(9,068)	(3,315)
Other income		1,723	2,700
Other gains and losses		24	16
Fair value loss on investment properties		(1,200)	(5,900)
Impairment loss on property, plant and equipment		(6,952)	(12,012)
(Impairment losses)/reversal of impairment losses on loans receivable and interest receivables, net		(4,478)	218
Reversal of impairment losses on trade receivables, net		–	2
Administrative expenses		(24,858)	(20,863)
Loss from operations		(17,698)	(19,981)
Gain on bargain purchase on acquisition of a subsidiary	14	23,917	–
Finance costs		(1,464)	–
Profit/(loss) before tax		4,755	(19,981)
Income tax (expense)/credit	5	(723)	1,049
Profit/(loss) for the period	4	4,032	(18,932)

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

For the six months ended 31 December 2021

	Note	Six months ended 31 December	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operation		4,458	–
Total comprehensive income for the period		8,490	(18,932)
Profit/(loss) for the period attributable to:			
– Owners of the Company		2,319	(18,940)
– Non-controlling interests		1,713	8
		4,032	(18,932)
Total comprehensive income for the period attributable to:			
– Owners of the Company		4,593	(18,940)
– Non-controlling interests		3,897	8
		8,490	(18,932)
		HK\$	HK\$
Earnings/(loss) per share	7		
Basic		0.12 cents	(0.98 cents)
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	8	414,650	431,656
Intangible assets		1,125	–
Investment properties	9	717,937	137,500
Deferred tax assets		1,051	151
Financial assets at fair value through profit or loss	10	31,512	31,488
Loans receivable	11	43,288	10,546
		1,209,563	611,341
Current assets			
Trade and other receivables	12	12,946	5,775
Loans receivable and interest receivables	11	74,052	99,035
Current tax assets		2,333	1,345
Bank and cash balances		181,023	463,604
		270,354	569,759
Current liabilities			
Other payables		35,442	2,783
Current tax liabilities		3,770	4,197
		39,212	6,980
Net current assets		231,142	562,779
Total assets less current liabilities		1,440,705	1,174,120
Non-current liabilities			
Deferred tax liabilities		89,758	3,378
Other payables		79,336	–
		169,094	3,378
NET ASSETS		1,271,611	1,170,742

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 31 December 2021

		31 December 2021 (Unaudited) <i>HK\$'000</i>	30 June 2021 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Capital and reserves			
Share capital	13	1,317,736	1,317,736
Reserves		(150,967)	(155,560)
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Equity attributable to owners of the Company		1,166,769	1,162,176
Non-controlling interests		104,842	8,566
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TOTAL EQUITY		1,271,611	1,170,742
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

For the six months ended 31 December 2021 (Unaudited)

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Property revaluation reserve	Non-distributable reserve	Share option reserve	Other reserve	Accumulated losses	Exchange reserve	Sub-total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 July 2021	1,317,736	5,922	2,264	2,628	(51,221)	(115,153)	-	1,162,176	8,566	1,170,742
Acquisition of a subsidiary (note 14)	-	-	-	-	-	-	-	-	92,379	92,379
Profit and total comprehensive income for the period	-	-	-	-	-	2,319	2,274	4,593	3,897	8,490
At 31 December 2021	1,317,736	5,922	2,264	2,628	(51,221)	(112,834)	2,274	1,166,769	104,842	1,271,611

For the six months ended 31 December 2020 (Unaudited)

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Property revaluation reserve	Non-distributable reserve	Share option reserve	Other reserve	Accumulated losses	Sub-total			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
At 1 July 2020	1,317,736	5,922	2,264	2,628	(51,221)	(84,797)	1,192,532	23,542	1,216,074	
(Loss)/profit and total comprehensive income for the period	-	-	-	-	-	(18,940)	(18,940)	8	(18,932)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(23,550)	(23,550)	
At 31 December 2020	1,317,736	5,922	2,264	2,628	(51,221)	(103,737)	1,173,592	-	1,173,592	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	Six months ended 31 December	
	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Net cash (used in)/generated from operating activities	(13,135)	108,749
Net cash (used in)/generated from investing activities	(35,295)	1,495
Net cash used in financing activities	(233,251)	(23,550)
Net (decrease)/increase in cash and cash equivalents	(281,681)	86,694
Cash and cash equivalents at the beginning of the period	463,604	159,997
Effect of foreign exchange rate changes	(900)	–
Cash and cash equivalents at the end of the period	181,023	246,691

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. The principal accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2021 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”) as disclosed in Note 2 to this interim report. The condensed consolidated financial statements are unaudited but have been reviewed by the Company’s Audit Committee.

The consolidated financial information relating to the financial year ended 30 June 2021 that is included in this interim report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from the financial statements. Further information relating to the statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 30 June 2021 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

The accounting policies and methods of computation used in the preparation of the unaudited interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2021 except for the changes mentioned below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs and HKASs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the unaudited condensed 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, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The Group has assessed the impact of the adoption of the above amendments to HKFRSs and HKASs, and considered that there was no significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies.

3. REVENUE AND SEGMENT INFORMATION

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

The Group has four operating segments as follows:

- (i) the Gaming and Entertainment Business;
- (ii) Money lending business;
- (iii) Hotel operations business; and
- (iv) Property leasing business.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment revenue and results

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

For the six months ended 31 December 2021 (Unaudited)

	Gaming and Entertainment Business HK\$'000	Money lending business HK\$'000	Hotel operations business HK\$'000	Property leasing business HK\$'000	Total HK\$'000
Revenue	1,392	9,872	2,920	12,927	27,111
Segment results	1,381	(865)	(16,829)	2,993	(13,320)
Unallocated other income					1,534
Unallocated other gains and losses					24
Gain on bargain purchase on acquisition of a subsidiary (note 14)					23,917
Unallocated expenses					(7,400)
Profit before tax					4,755

For the six months ended 31 December 2020 (Unaudited)

	Gaming and Entertainment Business HK\$'000	Money lending business HK\$'000	Hotel operations business HK\$'000	Property leasing business HK\$'000	Total HK\$'000
Revenue	–	16,059	2,610	504	19,173
Segment results	(67)	13,617	(22,228)	(5,734)	(14,412)
Unallocated other income					1,861
Unallocated other gains and losses					16
Unallocated expenses					(7,446)
Loss before tax					(19,981)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

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

At 31 December 2021 (Unaudited)

	Gaming and Entertainment Business HK\$'000	Money lending business HK\$'000	Hotel operations business HK\$'000	Property leasing business HK\$'000	Total HK\$'000
Assets					
Segment assets	<u>192</u>	<u>167,778</u>	<u>360,028</u>	<u>768,401</u>	1,296,399
Unallocated corporate assets					<u>183,518</u>
Consolidated total assets					<u>1,479,917</u>
Liabilities					
Segment liabilities	<u>(2,588)</u>	<u>(433)</u>	<u>(3,633)</u>	<u>(127,199)</u>	(133,853)
Unallocated corporate liabilities					<u>(74,453)</u>
Consolidated total liabilities					<u>(208,306)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

At 30 June 2021 (Audited)

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

Unallocated corporate assets mainly represent property, plant and equipment, financial assets at fair value through profit or loss ("FVTPL"), other receivables, and bank and cash balances.

Unallocated corporate liabilities mainly represent other payables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

4. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 31 December	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Profit/(loss) for the period is stated after charging/(crediting) the followings:		
Amortisation of intangible assets	125	–
Bank interest income	(70)	(185)
Dividend income from financial assets at FVTPL	(1,501)	(1,492)
Depreciation	11,269	11,669
Fair value gain on financial assets at FVTPL	(24)	(16)

5. INCOME TAX (EXPENSE)/CREDIT

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

	Six months ended 31 December	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	(243)	(1,954)
Over-provision in prior years	20	–
	(223)	(1,954)
Current tax – the PRC Enterprise Income Tax		
Provision for the period	(1,137)	–
Under-provision in prior years	(10)	–
	(1,147)	–
Current tax – Macau Complementary Tax		
Provision for the period	(167)	–
Deferred tax	814	3,003
Income tax (expense)/credit	(723)	1,049

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

5. INCOME TAX (EXPENSE)/CREDIT *(Continued)*

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 profits 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 PRC is subject to enterprise income tax ("EIT") at the rate of 25% on the assessable profits for the six months ended 31 December 2021. No provision for EIT for the six months ended 31 December 2020 has been made as the acquisition of the Group's entity operating in the PRC was completed on 30 September 2021.

The Group's entity operating in Macau is subject to Macau complementary tax rate of 12%. No provision for Macau Complementary tax for the six months ended 31 December 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.

6. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend in respect of the six months ended 31 December 2021 and 2020.

7. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to owners of the Company, which was a profit of approximately HK\$2,319,000 (unaudited) for the six months ended 31 December 2021 (for the six months ended 31 December 2020: loss of approximately HK\$18,940,000 (unaudited)) and the weighted average number of ordinary shares of 1,938,822,690 in issue during both periods.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as there were no potential dilutive shares outstanding during the six months ended 31 December 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2021, the Group acquired property, plant and equipment of approximately HK\$254,000 (unaudited) (for the six months ended 31 December 2020: HK\$181,000 (unaudited)), additions and exchange differences arising from acquisition of a subsidiary of approximately HK\$954,000 (unaudited) and HK\$16,000 (unaudited), respectively.

During the six months ended 31 December 2021 and 2020, no property, plant and equipment was disposed.

9. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
Fair value	
At 1 July 2020	138,000
Decrease in fair value	(500)
At 30 June 2021 and 1 July 2021 (Audited)	137,500
Arising from acquisition of a subsidiary (note 14)	571,900
Decrease in fair value	(1,200)
Exchange differences	9,737
At 31 December 2021 (Unaudited)	717,937

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Financial assets at FVTPL		
– Unlisted fund investment	31,512	31,488

As at 31 December 2021, carrying amount of unlisted fund investment was approximately HK\$31,512,000 (30 June 2021: HK\$31,488,000) which was not quoted in an active market. The fair value of investment was 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

11. LOANS RECEIVABLE AND INTEREST RECEIVABLES

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Loans receivable	115,473	107,614
Less: Provision for impairment of loans receivable	(5,699)	(1,335)
Loans receivable, net of provision	109,774	106,279
Interest receivables	7,695	3,317
Less: Provision for impairment of interest receivables	(129)	(15)
Interest receivables, net of provision	7,566	3,302
	117,340	109,581
Analysed as:		
– Non-current assets	43,288	10,546
– Current assets	74,052	99,035
	117,340	109,581

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

11. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

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

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Loans receivable		
Neither past due nor impaired		
– Secured	31,975	93,746
– Unsecured	41,897	12,533
1-30 days past due		
– Secured	491	–
– Unsecured	2	–
31-90 days past due		
– Secured	409	–
91-180 days past due		
– Secured	35,000	–
	109,774	106,279
Interest receivables		
Neither past due nor impaired		
– Secured	235	2,924
– Unsecured	416	122
1-30 days past due		
– Secured	704	128
– Unsecured	1	–
31-90 days past due		
– Secured	1,403	128
91-180 days past due		
– Secured	4,807	–
	7,566	3,302
	117,340	109,581

The secured loans were secured by properties. The fair values of the collaterals, as assessed by the management were not less than the outstanding amounts of loan receivable and interest receivable of the relevant loans as at 31 December 2021 and 30 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

11. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

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

	Loans receivable			Total HK\$'000
	Stage 1 12-month expected credit loss ("ECL") HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL HK\$'000	
At 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 and 1 July 2021 (Audited)	1,279	–	56	1,335
New loans originated	3,620	–	987	4,607
Loans repaid during the period	(231)	–	–	(231)
Charged for the period	(12)	–	–	(12)
At 31 December 2021 (Unaudited)	4,656	–	1,043	5,699

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

11. LOANS RECEIVABLE AND INTEREST RECEIVABLES (Continued)

	Interest receivables			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 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 and 1 July 2021 (Audited)	10	–	5	15
New loans originated	37	–	78	115
Loans repaid during the period	(2)	–	–	(2)
Charged for the period	1	–	–	1
At 31 December 2021 (Unaudited)	46	–	83	129

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 31 December 2021, loans receivable and interest receivables of approximately HK\$1,043,000 and HK\$83,000, respectively were default under lifetime ECL and a provision of approximately HK\$1,043,000 and HK\$83,000 was provided, respectively. 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.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

12. TRADE AND OTHER RECEIVABLES

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Trade receivables from the Gaming and Entertainment Business	–	4
Trade receivables from hotel operations business	84	155
Trade receivables from property leasing business	7,173	–
	7,257	159
Impairment losses on trade receivables	(1)	(1)
	7,256	158
Deposits, prepayments and other receivables	5,690	5,617
	12,946	5,775

The Group allows trade receivables from the 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.

Regarding the property leasing business, the Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from customers. In addition to the payment of rental deposits, customers are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimise any associated credit risk. No interest is charged on overdue trade receivables. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

12. TRADE AND OTHER RECEIVABLES (Continued)

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

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
0 – 90 days	4,530	158
91 – 180 days	1,381	–
181 – 365 days	61	–
Over 365 days	1,284	–
	7,256	158

As at 31 December 2021, an allowance was made for estimated irrecoverable trade receivables of approximately HK\$1,000 (30 June 2021: HK\$1,000).

Reconciliation of allowance for trade receivables:

	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
At the beginning of the period/year	1	4
Reversed during the period/year	–	(3)
At the end of the period/year	1	1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

13. SHARE CAPITAL

	31 December 2021 (Unaudited)		30 June 2021 (Audited)	
	No. of shares (‘000)	Amount HK\$‘000	No. of shares (‘000)	Amount HK\$‘000
Ordinary shares, issued and fully paid:				
At the beginning and end of the period/year	1,938,823	1,317,736	1,938,823	1,317,736

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.

14. ACQUISITION OF A SUBSIDIARY

On 30 September 2021 (the “**Completion Date**”), the Group completed the Acquisition. Fast Advance is an investment holding company which indirectly holds the entire issued share capital of Shanghai Jiasong Property Co., Ltd.* (上海佳頌物業有限公司). The principal asset of Shanghai Jiasong Property Co., Ltd. is the relevant land use rights and building ownership relating to the properties in the PRC. The Board considers that the Acquisition provides an opportunity for the Group to enhance its property leasing business and tap into the property market in the PRC. The Board is convinced that the Acquisition has been a good investment opportunity for the Group to provide an additional and stable revenue stream for the Group.

* *for identification purposes only*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

14. ACQUISITION OF A SUBSIDIARY (Continued)

The fair value of identifiable assets and liabilities of Fast Advance as at the Completion Date were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	945
Investment properties	571,900
Trade and other receivables	6,823
Bank and cash balances	33,897
Other payables	(109,825)
Current tax liabilities	(1,525)
Other loans	(228,839)
Deferred tax liabilities	(84,847)
	<hr/>
Total identifiable net assets acquired	188,529

Investment properties were revalued at the Completion Date based on income capitalisation approach by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of chartered surveyors.

Gain on bargain purchase arising on the Acquisition:

	<i>HK\$'000</i>
Initial consideration	74,220
Adjustment based on the audited accounts of Fast Advance made up to the Completion Date	(1,987)
	<hr/>
Final consideration	72,233
Add: Non-controlling interests of Fast Advance	92,379
Less: Total identifiable net assets acquired	(188,529)
	<hr/>
Gain on bargain purchase on acquisition of a subsidiary	(23,917)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

14. ACQUISITION OF A SUBSIDIARY (Continued)

The initial consideration for the Acquisition of HK\$74,220,000 was satisfied by the Group in cash. The amount of adjustment of consideration based on the audited accounts of Fast Advance made up to the Completion Date has yet been received as at 31 December 2021.

Net cash outflow arising on the Acquisition:

	<i>HK\$'000</i>
Purchase initial consideration	74,220
Deposit paid by cash in previous year	(3,711)
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Balance of the consideration settled in cash during the period	70,509
Bank and cash balances acquired	(33,897)
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Net cash outflow	36,612
<hr/>	

The acquisition-related costs of HK\$4,562,000 have been accounted as expenses in the periods in which the costs were incurred and the services were received.

Since the Completion Date, Fast Advance and its subsidiaries have contributed a revenue of HK\$12,269,000 and a profit after tax of HK\$2,280,000 to the Group. If the Acquisition had occurred on 1 July 2021, the Group's revenue and profit after tax would have been HK\$35,266,000 and HK\$5,598,000, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 July 2021, nor is it intended to be a projection of further performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

15. MATERIAL RELATED PARTY TRANSACTIONS

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

The remuneration of key management personnel during the period is as follows:

	Six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and other short-term benefits	1,067	1,018
Post-employment benefits	18	15
	1,085	1,033

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

Description	Fair value		Fair value hierarchy	Valuation Technique(s) and key input(s)
	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000		
Financial assets at FVTPL – Unlisted fund investment	31,512	31,488	Level 3	Fair value of underlying investments provided by the administrator of fund
Investment properties – Commercial units located in Hong Kong	136,300	137,500	Level 3	Comparison approach
– Commercial building for retail purpose located in the PRC	581,637	N/A	Level 3	Income capitalisation approach