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ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8072)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2019**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Roma Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purpose only

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2019:

- Revenue increased to approximately HK\$70.2 million, representing an increase of approximately 7.7% as compared with that for the year ended 31 March 2018;
- Loss for the year amounted to approximately HK\$71.4 million whereas there was a loss of approximately HK\$25.5 million for the year ended 31 March 2018;
- Basic and diluted loss per share attributable to owners of the Company were HK2.62 cents; and
- No final dividend has been declared.

ANNUAL RESULTS

The board of Directors (the “Board”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2019 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

| | <i>Notes</i> | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Revenue | 4 | 70,150 | 65,140 |
| Other income | 6 | 4,711 | 2,451 |
| Increase in fair value of investment property | 13 | 462 | – |
| Employee benefit expenses | 7 | (39,646) | (35,698) |
| Depreciation and amortisation | 8 | (5,042) | (4,832) |
| Finance costs | 9 | (2,503) | (1,005) |
| Other expenses | | (99,681) | (52,011) |
| | | <hr/> | <hr/> |
| Loss before income tax credit | 8 | (71,549) | (25,955) |
| Income tax credit | 10 | 134 | 407 |
| | | <hr/> | <hr/> |
| Loss for the year attributable to owners of the Company | | (71,415) | (25,548) |
| Other comprehensive income | | | |
| Item that will not be reclassified to profit or loss: | | | |
| — Change in fair value of financial assets at fair value through other comprehensive income | | (12,030) | – |
| | | <hr/> | <hr/> |
| Total comprehensive income for the year | | (83,445) | (25,548) |
| | | <hr/> | <hr/> |
| Loss per share | | | |
| — Basic (HK cents) | 12 | (2.62) | (1.28) |
| | | <hr/> | <hr/> |
| — Diluted (HK cents) | 12 | (2.62) | (1.28) |
| | | <hr/> | <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

| | Notes | 2019 HK\$'000 | 2018 HK\$'000 |
|---|-------|------------------|------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 3,883 | 5,614 |
| Investment property | 13 | 12,500 | – |
| Intangible assets | 14 | 16,212 | 18,365 |
| Goodwill | 15 | 15,242 | 25,329 |
| Available-for-sale investments | 16 | – | 25,000 |
| Financial assets at fair value through other comprehensive income | 16 | 13,526 | – |
| Loans and interest receivable | 17 | 166,858 | 1,728 |
| Deposit paid | 19 | 800 | – |
| Deferred tax assets | | 1,284 | 1,329 |
| | | <u>230,305</u> | <u>77,365</u> |
| Current assets | | | |
| Loans and interest receivable | 17 | 176,624 | 200,355 |
| Trade receivables | 18 | 10,138 | 14,659 |
| Prepayments, deposits, other receivables and contract assets | 19 | 37,330 | 231,839 |
| Pledged bank deposits | | 108,557 | 106,524 |
| Tax recoverable | | 2,239 | 2,541 |
| Cash and bank balances | | 109,856 | 204,493 |
| | | <u>444,744</u> | <u>760,411</u> |
| Current liabilities | | | |
| Trade payables | 20 | 338 | 372 |
| Accrued liabilities, other payables, receipt in advance and contract liabilities | 21 | 36,866 | 23,484 |
| Finance lease liabilities | 22 | 944 | 1,296 |
| Bank borrowings | 23 | 100,000 | 100,000 |
| Current tax liabilities | | 259 | 449 |
| | | <u>138,407</u> | <u>125,601</u> |
| Net current assets | | <u>306,337</u> | <u>634,810</u> |
| Total assets less current liabilities | | <u>536,642</u> | <u>712,175</u> |
| Non-current liabilities | | | |
| Finance lease liabilities | 22 | 640 | 1,016 |
| Deferred tax liabilities | | 2,300 | 2,465 |
| | | <u>2,940</u> | <u>3,481</u> |
| Net assets | | <u>533,702</u> | <u>708,694</u> |

| | <i>Note</i> | 2019 HK\$'000 | 2018 <i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 24 | 172,826 | 199,994 |
| Reserves | | 360,876 | 508,700 |
| | | <hr/> | <hr/> |
| Total equity | | 533,702 | 708,694 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

| | Share capital <i>(note 24)</i> HK\$'000 | Shares held for the share award plan (the "Plan")* HK\$'000 | Share premium* HK\$'000 | Capital reserve* HK\$'000 | Share option reserve* HK\$'000 | Revaluation reserve* HK\$'000 | Retained earnings/ (accumulated losses)* HK\$'000 | Total HK\$'000 |
|--|--|---|-------------------------------|---------------------------------|---|-------------------------------------|---|-------------------|
| Balance at 1 April 2017 | 79,998 | – | 272,298 | 10 | 422 | – | 123,757 | 476,485 |
| Share options lapsed | – | – | – | – | (422) | – | 422 | – |
| Rights issue, net of expenses <i>(note 24(b))</i> | 119,996 | – | 137,761 | – | – | – | – | 257,757 |
| Transactions with owners | 119,996 | – | 137,761 | – | (422) | – | 422 | 257,757 |
| Loss and total comprehensive income for the year | – | – | – | – | – | – | (25,548) | (25,548) |
| Balance at 31 March 2018 as originally presented | 199,994 | – | 410,059 | 10 | – | – | 98,631 | 708,694 |
| Initial application of HKFRS 9 <i>(note 2(a)A(i))</i> | – | – | – | – | – | 556 | (6,520) | (5,964) |
| Initial application of HKFRS 15 <i>(note 2(a)B)</i> | – | – | – | – | – | – | (23,311) | (23,311) |
| Restated balance as at 1 April 2018 | 199,994 | – | 410,059 | 10 | – | 556 | 68,800 | 679,419 |
| Shares repurchased and cancelled <i>(note 24(c))</i> | (27,168) | – | (11,626) | – | – | – | – | (38,794) |
| Recognition of share-based payment | – | – | – | – | 2,763 | – | – | 2,763 |
| Purchase of shares for the Plan | – | (26,241) | – | – | – | – | – | (26,241) |
| Transactions with owners | (27,168) | (26,241) | (11,626) | – | 2,763 | – | – | (62,272) |
| Loss for the year | – | – | – | – | – | – | (71,415) | (71,415) |
| Other comprehensives income | | | | | | | | |
| Change in the fair value of financial assets at fair value through other comprehensive income | – | – | – | – | – | (12,030) | – | (12,030) |
| Total comprehensive income | – | – | – | – | – | (12,030) | (71,415) | (83,445) |
| Balance at 31 March 2019 | 172,826 | (26,241) | 398,433 | 10 | 2,763 | (11,474) | (2,615) | 533,702 |

* The total of these balances represents "reserves" in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. Its principal place of business in Hong Kong is located at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong. The principal activity of the Company is investment holding. The major activities of the subsidiaries of the Company are provision of valuation and advisory services and financing services in Hong Kong.

The issued ordinary shares of the Company (the “Shares”) have been listed on GEM by way of placing since 25 February 2013 (the “Listing Date”).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs — effective 1 April 2018

| | |
|---|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers |
| Annual Improvements to HKFRSs 2014–2016 Cycle | Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards |
| Annual Improvements to HKFRSs 2014–2016 Cycle | Amendments to HKAS 28, Investments in Associates and Joint Ventures |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to HKFRS 15 | Revenue from Contracts with Customers (Clarifications to HKFRS 15) |
| Amendments to HKAS 40 | Transfers of Investment Property |
| HK(IFRIC)-Int 22 | Foreign Currency Transactions and Advance Consideration |

A HKFRS 9 — Financial Instruments

HKFRS 9 replaces HKAS 39 “Financial Instruments: Recognition and Measurement” for annual periods beginning on or after 1 January 2018, bringing together all four aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; (3) hedge accounting and (4) transition. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

(i) Classification and measurement of financial instruments

The following tables summarise the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings and reserve as of 1 April 2018 as follows (increase/ decrease):

| | <i>HK\$’000</i> |
|--|-----------------|
| <i>Retained earnings</i> | |
| Retained earnings as at 31 March 2018 | 98,631 |
| Increase in expected credit losses (the “ECLs”) in trade receivables (note 2(a)A(ii) (I) below) | (5,692) |
| Increase in ECLs in other receivables (note 2(a)A(ii) (II) below) | (425) |
| Increase in ECLs in loans and interests receivable (note 2(a)A(ii) (II) below) | (403) |
| | <hr/> |
| Restated retained earnings as at 1 April 2018 | <u>92,111</u> |

HK\$'000

Revaluation reserve

| | |
|---|-------------|
| Reserve balance at 31 March 2018 | – |
| Reclassify equity investments from available-for-sale at cost to financial assets at fair value through other comprehensive income (“FVOCI”) (note 2(a)A(i)(I)) below | 556 |
| | <hr/> |
| Restated reserve balance as at 1 April 2018 | 556 |
| | <hr/> <hr/> |

HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The impact of HKFRS 9 on the Group’s classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at FVOCI; or (iii) financial assets at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the “solely payments of principal and interest” criterion, also known as “SPPI criterion”). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group’s financial assets as at 1 April 2018:

| Financial assets | Original classification under HKAS 39 | New classification under HKFRS 9 | Carrying amount as at 1 April 2018 under HKAS 39 HK\$'000 | Carrying amount as at 1 April 2018 under HKFRS 9 (after considering the ECLs impact) HK\$'000 |
|---|--|------------------------------------|--|--|
| Unlisted equity investments | Available-for-sale (at cost) (note 2(a)A(i)(I)) | Financial assets at FVOCI | 25,000 | 25,556 |
| Loans and interests receivable | Loans and receivables (note 2(a)A(ii)(II)) | Financial assets at amortised cost | 202,083 | 201,680 |
| Trade receivables | Loans and receivables (note 2(a)A(ii)(I)) | Financial assets at amortised cost | 14,659 | 8,967 |
| Deposits, other receivables and contract assets | Loans and receivables (note 2(a)A(ii)(II)) | Financial assets at amortised cost | 230,734 | 230,309 |
| Pledged bank loans and deposits | Loans and receivables | Financial assets at amortised cost | 106,524 | 106,524 |
| Cash and bank balances | Loans and receivables | Financial assets at amortised cost | 204,493 | 204,493 |

- (I) As of 1 April 2018, certain unquoted equity investments were reclassified from available-for-sale financial assets at cost to financial assets at FVOCI. These unquoted equity instruments have no quoted price in an active market. The Group intends to hold these unquoted equity investments for long term strategic purposes. In addition, the Group has designated such unquoted equity instruments at the date of initial application as measured at FVOCI. As at 1 April 2018, the difference between the previous carrying amount and the fair value amounted HK\$556,000 has been included in the opening revaluation reserve.

(ii) *Impairment of financial assets*

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "ECLs model". HKFRS 9 requires the Group to recognise ECLs for trade receivables, financial assets at amortised cost, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

- significant deterioration in external market indicators of credit risk, e.g. a significant decrease in credit rating of the debtor;
- 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; 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 debtors' ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk 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.

Default and credit-impaired financial assets

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative indicators are taken into account in determining the risk of default occurring:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or past due event; and
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not necessarily due to a single event.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the assets.

Impact of the ECLs model

(I) Impairment of trade receivables and contract assets

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which recognises lifetime ECLs for all trade receivables and contract assets. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk as the trade receivables.

The increase in loss allowance for trade receivables and contract assets upon the transition to HKFRS 9 as of 1 April 2018 were HK\$5,692,000 and HK\$nil.

(II) Impairment of loans and interest receivable and other receivables

Other financial assets at amortised cost of the Group include amounts due from loans and interest receivable and other receivables. The increases in loss allowance for loans and interests receivables and other receivables upon the transition to HKFRS 9 as of 1 April 2018 were HK\$403,000 and HK\$425,000, respectively.

As a result of the above changes, the impact of the new HKFRS 9 impairment model results in additional impairment allowance as follow:

| | <i>HK\$'000</i> |
|--|-----------------|
| Loss allowance as at 1 April 2018 under HKAS 39 | 58,504 |
| Additional impairment recognised for trade receivables | 5,692 |
| Additional impairment recognised for other receivables | 425 |
| Additional impairment recognised for loans and interest receivable | 403 |
| | <hr/> |
| Loss allowance as a 1 April 2018 under HKFRS 9 | <u>65,024</u> |

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2019. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2019. Accordingly, the information presented for the year ended 31 March 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

B HKFRS 15 — Revenue from Contracts with Customers (“HKFRS 15”)

HKFRS 15 supersedes HKAS 11 “Construction Contracts”, HKAS 18 “Revenue” and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated.

The following table summarises the impact, net of tax, of transition to HKFRS 15 on the opening balances of retained earnings as follows (increase/(decrease)):

| | <i>HK\$'000</i> |
|---|-----------------|
| Retained earnings as at 31 March 2018 | 98,631 |
| Deferred revenue recognition for service income (<i>note 2(a)B</i>) | <u>(23,311)</u> |
| Restated retained earnings as at 1 April 2018 | <u>75,320</u> |

Further details of the nature and effect of the changes on previous accounting policies are out below:

a. Timing of revenue recognition

Previously, revenue arising from provision of services was recognised over time. Under HKFRS 15, revenue is recognised when the customer obtains control of promised service in the contract. This may be at a single point in time or over time HKFRS 15 identifies the following three situations in which control of the promised service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work progress) that the customer controls as the asset is created or enhanced; or
- When the entity's performance does not create an asset with an alternative use the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The timing of revenue recognition for service income is affected as follows:

Service income: Under the Group's valuation and advisory contracts with customers, the Group does not have a right to be paid for work performed to date if the customer cancels the contract before the service has been fully completed. Therefore, the contracts do not satisfy the criteria for recognising revenue over time, whereas previously the Group recognise service income from provision of valuation and advisory services over time.

Accordingly, revenue for these contracts are recognised in profit or loss earlier under HKAS 18 than under HKFRS 15.

b. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to receive consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

As a result of the above changes in accounting policy, the Group has made adjustments to opening balances at 1 April 2018 which decreased retained earnings by HK\$23,311,000, decreased contract assets by HK\$3,164,000 and increased contract liabilities by HK\$20,147,000.

c. *Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018*

The following tables summarise the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of comprehensive income for the year ended 31 March 2019. There was no material impact on the Groups' consolidated statement of cash flows for the year ended 31 March 2019:

Impact of HKFRS 15 described above on the consolidated statement of financial position (increase/(decrease)) as of 31 March 2019 by line item affected is as follows

| | <i>HK\$'000</i> |
|--|-----------------|
| <i>Assets</i> | |
| Current assets | |
| Prepayments deposits, other receivables and contract assets (<i>note 2(a)B</i>) | (6,218) |
| Total current assets | <u>(6,218)</u> |
| <i>Equity and liabilities</i> | |
| Equity | |
| Accumulated losses (<i>note 2(a)B(a)</i>) | (9,523) |
| Total equity | <u>(9,523)</u> |
| <i>Liabilities</i> | |
| Current tax liabilities | (1,524) |
| Accrued liabilities, other payables, receipt in advance and contract liabilities (<i>note 2(a)B</i>) | 4,829 |
| Total current liabilities | <u>3,305</u> |
| Total equity and liabilities | <u>(6,218)</u> |

The impact of HKFRS 15 described above on the consolidated statement of comprehensive income (increase/(decrease)) for the year ended 31 March 2019 by line item affected is as follows:

| | <i>HK\$'000</i> |
|--|-----------------|
| Revenue (<i>note 2(a)B</i>) | (11,047) |
| Loss before income tax expenses | (11,047) |
| Income tax expense | (1,524) |
| Loss for the year | <u>(9,523)</u> |
| Loss for the year attributable to owners of the Company | <u>(9,523)</u> |
| Total comprehensive income for the year | (9,523) |
| Total comprehensive income attributable to owners of the Company | <u>(9,523)</u> |
| Loss per share attributable to owners of the Company | |
| Basic and diluted | |
| — For loss for the year | <u>(0.35)</u> |

C Others

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

Amendments HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

Amendments to HKAS 40, Investment Property — Transfers of Investment Property

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration

The adoption of these new/revised HKFRSs has no material impact on the Group financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

| | |
|---|--|
| HKFRS 16 | Leases ¹ |
| HKFRS 17 | Insurance Contracts ⁴ |
| HK(IFRIC)-Int 23 | Uncertainty over Income Tax Treatments ¹ |
| Amendments to HKFRS 3 (Revised) | Definition of a Business ³ |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation ¹ |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement ¹ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵ |
| Amendments to HKAS 1 and HKAS 8 (Revised) | Definition of Material ³ |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures ¹ |
| Annual Improvements to HKFRSs 2015–2017 Cycle | Amendments to HKFRS 3, Business Combinations ¹ |
| Annual Improvements to HKFRSs 2015–2017 Cycle | Amendments to HKFRS 11, Joint Arrangements ¹ |
| Annual Improvements to HKFRSs 2015–2017 Cycle | Amendments to HKAS 12, Income Taxes ¹ |
| Annual Improvements to HKFRSs 2015–2017 Cycle | Amendments to HKAS 23, Borrowing Costs ¹ |

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for transactions that occur on or after 1 January 2020

⁴ Effective for annual periods beginning on or after 1 January 2021

⁵ The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 March 2019, the Group, as lessee, has non-cancellable operating lease commitment of HK\$4,631,000. A preliminary assessment indicated that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value assets or short-term leases upon the adoption of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except for HKFRS 16, the Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of the Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at FVOCI and investment property, which are measured at fair value.

(c) Functional and presentation currency

The Consolidated Financial Statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company and its principal subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

4. REVENUE

The Group's principal activities are provision of valuation and advisory services and provision of financing services.

An analysis of the Group's revenue for the year is as follows:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Services fee income from provision of valuation and advisory services | 47,389 | 45,870 |
| Interest income from provision of financing services | 22,761 | 19,270 |
| | <u>70,150</u> | <u>65,140</u> |

5. SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") has been identified as the executive directors. The executive directors have identified the Group's product and service lines as reportable operating segments as follows:

- (i) Valuation and advisory services;
- (ii) Financing services; and
- (iii) All other segments.

(a) Business segments

For the year ended 31 March 2019

| | Valuation and advisory services <i>HK\$'000</i> | Financing services <i>HK\$'000</i> | All other segments <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|--|--|--------------------------|
| Segment revenue (<i>note (i)</i>) | 47,389 | 22,761 | – | 70,150 |
| Segment results (<i>note (ii)</i>) | (18,222) | (38,787) | (1,788) | (58,797) |
| Other segment information | | | | |
| Depreciation | (111) | (4) | (42) | (157) |
| Amortisation | (2,153) | – | – | (2,153) |
| Impairment loss on loans and interest receivable | – | (24,977) | – | (24,977) |
| Recovery of impairment loss on loans and interest receivable | – | 118 | – | 118 |
| Impairment loss on trade and other receivables | (9,450) | (27,651) | (176) | (37,277) |
| Recovery of impairment loss on trade and other receivables | 406 | 6 | – | 412 |
| Impairment loss on goodwill | (10,087) | – | – | (10,087) |
| Increase in fair value of investment property | – | – | 462 | 462 |
| Income tax credit/(expense) | 272 | (46) | (92) | 134 |
| Additions to non-current assets (excluding financial instruments) | 127 | 23 | 110 | 260 |
| Segment assets | 48,388 | 376,969 | 13,293 | 438,650 |
| Segment liabilities | (37,994) | (1,483) | (162) | (39,639) |

For the year ended 31 March 2018

| | | | | |
|---|----------|---------|-------|----------|
| Segment revenue (<i>note (i)</i>) | 45,870 | 19,270 | – | 65,140 |
| Segment results (<i>note (ii)</i>) | (21,333) | 7,682 | (561) | (14,212) |
| Other segment information | | | | |
| Depreciation | (126) | – | (41) | (167) |
| Written-off property, plant and equipment | (28) | – | – | (28) |
| Amortisation | (2,167) | – | – | (2,167) |
| Impairment loss on loans and interest receivable | – | (5,597) | – | (5,597) |
| Recovery of impairment loss on loans and interest receivable | – | 1,631 | – | 1,631 |
| Impairment loss on trade and other receivables | (20,648) | (655) | (454) | (21,757) |
| Recovery of impairment loss on trade and other receivable | 264 | – | – | 264 |
| Income tax credit/(expense) | 1,446 | (1,073) | 34 | 407 |
| Additions to non-current assets (excluding financial instruments) | 52 | – | – | 52 |
| Segment assets | 78,144 | 397,516 | 532 | 476,192 |
| Segment liabilities | (18,371) | (7,095) | (9) | (25,475) |

Notes:

- (i) Segment revenue reported above represents revenue generated from external customers. There were no material inter-segment sales for both years.
- (ii) The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned or the loss incurred by each segment without allocation of corporate income and central administrative costs. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

(b) Reconciliation of reportable segment loss, assets and liabilities

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss before income tax credit | | |
| Reportable segment loss | (58,797) | (14,212) |
| Unallocated interest income | 3,137 | 1,167 |
| Unallocated employee benefit expenses | (6,799) | (6,208) |
| Unallocated depreciation | (2,732) | (2,498) |
| Unallocated finance costs | (2,503) | (1,005) |
| Unallocated other expenses | (3,855) | (3,199) |
| | <u>(71,549)</u> | <u>(25,955)</u> |
| Consolidated loss before income tax credit | <u>(71,549)</u> | <u>(25,955)</u> |
| Assets | | |
| Reportable segment assets | 438,650 | 476,192 |
| Unallocated property, plant and equipment | 3,502 | 5,336 |
| Unallocated available-for-sale investments | – | 25,000 |
| Unallocated financial assets at FVOCI | 13,526 | – |
| Unallocated pledged bank deposits | 108,557 | 106,524 |
| Unallocated deposit | 800 | 20,000 |
| Unallocated cash and bank balances | 109,856 | 204,493 |
| Unallocated corporate assets | 158 | 231 |
| | <u>675,049</u> | <u>837,776</u> |
| Consolidated total assets | <u>675,049</u> | <u>837,776</u> |
| Liabilities | | |
| Reportable segment liabilities | (39,639) | (25,475) |
| Unallocated finance lease liabilities | (1,584) | (2,312) |
| Unallocated bank borrowings | (100,000) | (100,000) |
| Unallocated corporate liabilities | (124) | (1,295) |
| | <u>(141,347)</u> | <u>(129,082)</u> |
| Consolidated total liabilities | <u>(141,347)</u> | <u>(129,082)</u> |

(c) Geographical segment information

All of the revenue from external customers and non-current assets of the Group are derived from activities or located in Hong Kong. Accordingly, no geographical information is presented.

(d) Information about major customer

For the years ended 31 March 2019 and 2018, none of the customers contributed 10% or more of the revenue of the Group.

6. OTHER INCOME

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---------------------------|-------------------------|-------------------------|
| Reimbursement of expenses | 501 | 622 |
| Interest income | 3,137 | 1,167 |
| Rental income | 105 | – |
| Others | 968 | 662 |
| | <u>4,711</u> | <u>2,451</u> |

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Wages and salaries | 35,803 | 33,005 |
| Contributions on defined contribution retirement plans | 962 | 902 |
| Share based payment – equity settled | 2,072 | – |
| Other benefits | 809 | 1,791 |
| | <u>39,646</u> | <u>35,698</u> |

8. LOSS BEFORE INCOME TAX CREDIT

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss before income tax credit is arrived at after charging/(crediting): | | |
| Auditor's remuneration (<i>note (a)</i>) | 828 | 770 |
| Depreciation of property, plant and equipment | 2,889 | 2,665 |
| Written-off of property, plant and equipment | – | 28 |
| Amortisation of intangible assets | 2,153 | 2,167 |
| Exchange loss/(gain), net (<i>note (a)</i>) | 483 | (205) |
| Consultancy fee (<i>note (a)</i>) | 2,607 | 1,652 |
| Impairment loss on loans and interests receivable (<i>note (a)</i>) | 24,977 | 5,597 |
| Recovery of impairment loss on loans and interest receivable (<i>note (a)</i>) | (118) | (1,631) |
| Impairment loss on trade and other receivables (<i>note (a)</i>) | 37,277 | 21,757 |
| Recovery of impairment loss on trade and other receivables (<i>note (a)</i>) | (412) | (264) |
| Impairment loss on goodwill (<i>note (a)</i>) | 10,087 | – |
| Professional fee (<i>note (a)</i>) | 7,243 | 5,809 |
| Marketing and business development expenses (<i>note (a)</i>) | 4,624 | 4,750 |
| Operating lease charges in respect of buildings (<i>notes (a) & (b)</i>) | 4,627 | 5,571 |

Notes:

- a. These expenses are included in “other expenses” in the consolidated statement of comprehensive income.
- b. For the years ended 31 March 2019 and 2018, operating lease charges in respect of buildings included rental expenses for the Group's office premises.

9. FINANCE COSTS

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|-----------------------------|--------------------------------|-------------------------|
| Interest on bank borrowings | 2,430 | 906 |
| Interest on finance leases | 73 | 99 |
| | <u>2,503</u> | <u>1,005</u> |

10. INCOME TAX CREDIT

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. For the year ended 31 March 2018, the provision for Hong Kong profits tax was calculated at 16.5% of the estimated assessable profits for the year.

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Current tax – Hong Kong profits tax | | |
| Tax for the year | – | 1,312 |
| Over-provision in respect of prior year | (14) | (137) |
| | <u>(14)</u> | <u>1,175</u> |
| Deferred tax | | |
| Credit for the year | (120) | (1,582) |
| | <u>(134)</u> | <u>(407)</u> |

The income tax credit for the year can be reconciled to the loss before income tax credit per the consolidated statement of comprehensive income as follows:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Loss before income tax credit | <u>(71,549)</u> | <u>(25,955)</u> |
| Tax on loss before income tax credit, calculated at the rates applicable to profits in the tax jurisdiction concerned | (11,640) | (4,283) |
| Tax effect of non-deductible expenses | 2,420 | 1,783 |
| Tax effect of non-taxable revenue | (100) | (2) |
| Tax effect of temporary differences not recognised | 306 | 280 |
| Tax effect of tax losses not recognised | 9,174 | 2,077 |
| Utilisation of tax loss previously not recognised | (150) | (25) |
| Over-provision in respect of prior year | (13) | (137) |
| Others | (131) | (100) |
| | <u>(134)</u> | <u>(407)</u> |
| Income tax credit | <u>(134)</u> | <u>(407)</u> |

Deferred tax asset of HK\$1,281,000 (2018: HK\$1,281,000) is recognised for tax losses carried forward to the extent that realisation of related tax benefit through future taxable profits is probable. The Group has not recognised deferred tax asset in respect of the unused tax losses due to the unpredictability of future profit streams. The unused tax losses of HK\$76,832,000 (2018: HK\$21,141,000) can be carried forward indefinitely.

11. DIVIDEND

The Board has resolved not to recommend the payment of any dividend for the year ended 31 March 2019 (2018: nil).

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Loss | | |
| Loss for the purpose of basic and diluted loss per share | <u>(71,415)</u> | <u>(25,548)</u> |
| | <i>'000</i> | <i>'000</i> |
| Number of shares | | |
| Weighted average number of Shares for the purpose of basic and diluted loss per share (<i>notes (a), (b)&(c)</i>) | <u>(2,722,136)</u> | <u>1,989,120</u> |

Notes:

- (a) Weighted average of 1,989,120,000 Shares for the year ended 31 March 2018 is derived from 4,999,853,300 Shares as at 1 April 2017 after taking into account the effects of the share consolidation being completed on 19 October 2017 (note 24(a)) and the rights issue of 1,874,944,986 rights Shares being completed on 17 November 2017 (note 24(b)).
- (b) The weighted average number of ordinary shares for the year ended 31 March 2019 has been adjusted to reflect the shares cancellation completed on 18 July 2018 and 18 October 2018 (note 24(c)) and shares held for the Plan.
- (c) The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for the Shares for both years.

13. INVESTMENT PROPERTY

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| At beginning of the year | – | – |
| Addition | 12,038 | – |
| Increase in fair value of investment property | <u>462</u> | – |
| At end of the year | <u>12,500</u> | – |

Investment property represents property located in Hong Kong held as lessor under operating leases to earn rentals or for capital appreciation.

Investment property was revalued on 31 March 2019 by an independent professional valuers. The valuation, which conforms to The Valuation Standards of the Hong Kong Institute of Surveyors, was arrived at using direct comparison approach in the course of valuation.

The direct comparison approach is a method of valuation by making reference to comparable market transactions. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties. Appropriate adjustments and analysis are considered to the differences in location and other characters between the comparable properties and the subject properties.

The fair value of the investment property is a level 2 recurring fair value measurement.

There were no changes to the valuation techniques during the year ended 31 March 2019.

The fair value measurement is based on the above property's highest and best use, which does not differ from its actual use.

During the year ended 31 March 2019, there were no transfers between level 1 and level 2, or transfer into or out of level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

14. INTANGIBLE ASSETS

| | Customer relationship <i>HK\$'000</i> | Database <i>HK\$'000</i> | Accounting and management software <i>HK\$'000</i> | Valuation software <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|---|-----------------------------|--|--|--------------------------|
| At 31 March 2018, 1 April 2018 and 31 March 2019 | 4,200 | 15,400 | 118 | 6,059 | 25,777 |
| Amortisation | | | | | |
| At 1 April 2017 | 1,516 | 1,668 | 46 | 2,015 | 5,245 |
| Amortisation | 700 | 770 | 21 | 676 | 2,167 |
| At 31 March 2018 and 1 April 2018 | 2,216 | 2,438 | 67 | 2,691 | 7,412 |
| Amortisation | 700 | 770 | 20 | 663 | 2,153 |
| At 31 March 2019 | 2,916 | 3,208 | 87 | 3,354 | 9,565 |
| Net book value | | | | | |
| At 31 March 2019 | 1,284 | 12,192 | 31 | 2,705 | 16,212 |
| At 31 March 2018 | 1,984 | 12,962 | 51 | 3,368 | 18,365 |

15. GOODWILL

| | |
|---|----------------------|
| | <i>HK\$'000</i> |
| At 1 April 2017, 31 March 2018 and 1 April 2018 | 25,329 |
| Impairment | <u>(10,087)</u> |
| At 31 March 2019 | <u><u>15,242</u></u> |

The goodwill was acquired through business combination during the year ended 31 March 2015 and it is solely allocated to the cash generating unit (the “CGU”), namely the Bonus Boost Group comprising Bonus Boost International Limited and its subsidiary, which is principally engaged in the provision of valuation and consultancy services in Hong Kong.

The recoverable amount of the goodwill has been determined from value-in-use calculation based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2018: 3%).

| | | |
|---|----------------|---------|
| | 2019 | 2018 |
| Discount rate | 14% | 16% |
| Operating margin* | 10%–38% | 34%–45% |
| Growth rate within the five-year period | 3%–45% | 3%–20% |

* defined as profit before income tax expense divided by revenue

The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on management expectation and the result of the market research and prediction. During the year ended 31 March 2019, as a result of losing certain customers and fierce competition in the valuation and consultation industry, the recoverable amount was calculated to be lower than its carrying amount and accordingly, impairment loss of goodwill amounting to approximately HK\$10,087,000 was provided.

16. FINANCIAL ASSETS AT FVOCI/AVAILABLE-FOR-SALE INVESTMENTS

| | | |
|---|-----------------------------|----------------------|
| | 2019 | 2018 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Available-for-sale investments, at cost | – | 25,000 |
| Financial assets at FVOCI | <u>13,526</u> | <u>–</u> |
| | <u><u>13,526</u></u> | <u><u>25,000</u></u> |

The balance represented the Group’s strategic investments of a 19.9% equity interest in Greater China Appraisal Limited (“Greater China Appraisal”). The investment was not accounted for in an equity method as the Group does not have the power to participate in its operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level.

As at 31 March 2018, the balance was measured at cost less impairment at the end of the reporting period because it did not have a quoted market price in an active market and the Directors are of the opinion that its fair value could not be measured reliably. The Directors intended to hold it for long term investment purpose.

Under the adoption of HKFRS 9, an opening adjustment as at 1 April 2018 was made to reclassify the entire available-for-sale financial assets to financial assets at FVOCI.

As at 31 March 2019, there was a decrease in fair value of HK\$12,030,000 of financial asset at FVOCI which is disclosed in the consolidated statement of comprehensive income.

17. LOANS AND INTEREST RECEIVABLE

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Loans and interest receivable (net of impairment loss) | 343,482 | 202,083 |
| Current portion included in current assets | (176,624) | (200,355) |
| | <u>166,858</u> | <u>1,728</u> |
| Amounts due after one year included in non-current assets | <u>166,858</u> | <u>1,728</u> |

As at 31 March 2019, loans and interest receivable with an aggregate carrying amount of approximately HK\$100.3 million (2018: approximately HK\$78.8 million) were secured by assets under legal charges.

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors, including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The Group's loan principals charged interests at contract rates ranging from approximately 8% to 48% per annum (2018: approximately 6% to 36% per annum).

The Directors consider that the fair values of loans and interests receivable are not materially different from their carrying amounts.

A maturity profile of the loans and interests receivable based on the maturity date at the end of the reporting period is as follows:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| Within 1 year | 176,624 | 200,355 |
| 1 to 5 years | 166,517 | 1,036 |
| Over 5 years | 341 | 692 |
| | <u>343,482</u> | <u>202,083</u> |

The ageing analysis of loans and interest receivable (net of impairment loss) based on the loan drawdown date at the end of the reporting period is as follows:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|-----------------|--------------------------------|-------------------------|
| 0 to 30 days | 123,630 | 74,329 |
| 31 to 60 days | – | 20,000 |
| 61 to 90 days | 5,512 | – |
| 91 to 180 days | 31,094 | 72,450 |
| 181 to 360 days | 62,572 | 15,800 |
| Over 360 days | 120,674 | 19,504 |
| | <u>343,482</u> | <u>202,083</u> |

The ageing analysis of loans and interest receivable (net of impairment loss) as at 31 March 2018 based on due date at the end of the reporting period is as follows:

| | 2018 <i>HK\$'000</i> |
|-------------------------------|-------------------------|
| Neither past due nor impaired | 190,730 |
| 1 to 90 days past due | 109 |
| 91 to 180 days past due | – |
| 181 to 360 days past due | – |
| Over 360 days past due | 11,244 |
| | <u>202,083</u> |

Loans and interest receivable as at 31 March 2018 that were past due but not impaired related to customers that have good repayment records with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The table below reconciles the impairment loss on loans and interest receivable for the year:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| At 1 April under HKAS 39 | 28,056 | 24,090 |
| Impact of initial application of HKFRS 9 | 403 | – |
| | <u>28,459</u> | <u>24,090</u> |
| Adjusted balance at 1 April | 28,459 | 24,090 |
| Written-off | (301) | – |
| Impairment loss recognised | 24,977 | 5,597 |
| Recovery of impairment loss previously recognised | (118) | (1,631) |
| | <u>53,017</u> | <u>28,056</u> |

The Group recognised impairment loss based on its adopted accounting policy.

18. TRADE RECEIVABLES

The Group generally grants credit terms of 0 to 30 days to the customers. The ageing analysis of trade receivables (net of impairment loss) based on invoice date at the end of the reporting period is as follows:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|-----------------|--------------------------------|-------------------------|
| 0 to 30 days | 5,961 | 4,747 |
| 31 to 60 days | 1,446 | 1,906 |
| 61 to 90 days | 591 | 401 |
| 91 to 180 days | 650 | 1,984 |
| 181 to 360 days | 1,490 | 2,020 |
| Over 360 days | – | 3,601 |
| | <u>10,138</u> | <u>14,659</u> |

The ageing analysis of trade receivables (net of impairment loss) as at 31 March 2018 based on due date is as follows:

| | 2018 <i>HK\$'000</i> |
|--------------------------|-------------------------|
| 1 to 90 days past due | 7,054 |
| 91 to 180 days past due | 1,984 |
| 181 to 360 days past due | 2,020 |
| Over 360 days past due | <u>3,601</u> |
| | <u><u>14,659</u></u> |

Trade receivables as at 31 March 2018 that were past due but not impaired related to a number of independent customers that had a good track record of credit with the Group. At the end of each reporting period, the Group reviews trade receivables for evidence of impairment on both individual and collective basis. Based on past credit history, management believes that no impairment loss is necessary in respect of trade receivables that were past due but not impaired as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral as security or other credit enhancement over the trade receivables.

The table below reconciles the impairment loss on trade receivables for the year:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| At 1 April under HKAS 39 | 14,671 | 3,783 |
| Impact of initial application of HKFRS 9 | <u>5,692</u> | <u>–</u> |
| Adjusted balance as at 1 April | 20,363 | 3,783 |
| Impairment loss recognised | 2,580 | 11,098 |
| Recovery of impairment loss previously recognised | (406) | (210) |
| Written-off | <u>(1,114)</u> | <u>–</u> |
| At 31 March | <u><u>21,423</u></u> | <u><u>14,671</u></u> |

The Group recognised impairment loss based on its adopted accounting policy.

19. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND CONTRACT ASSETS

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|-------------------------------------|-------------------------|-------------------------|
| Non-current assets | | |
| Deposit | <u>800</u> | <u>–</u> |
| | 800 | – |
| Current assets | | |
| Accrued revenue (<i>note (a)</i>) | 16,370 | 7,507 |
| Contract assets (<i>note (b)</i>) | 94 | – |
| Prepayments | 1,181 | 1,105 |
| Deposits | 2,080 | 21,597 |
| Other receivables | <u>17,605</u> | <u>201,630</u> |
| | <u><u>37,330</u></u> | <u><u>231,839</u></u> |

Notes:

(a) Included in the balances were accrued interests of HK\$16,370,000 (2018: HK\$2,552,000).

(b) Contract assets

The timing of revenue recognition, progress billings to customers and payments received from customers would affect the amount of trade receivables, contract assets and contract liabilities recognised as at the reporting date on the consolidated statements of the financial position.

| | 31 March 2019 | 1 April 2018 | 31 March 2018 |
|---|--------------------------|---------------------|------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Contract assets in relation to: | | | |
| — Contracts for valuation and advisory services | <u>94</u> | <u>1,791</u> | <u>—</u> |
| | <u>94</u> | <u>1,791</u> | <u>—</u> |

Note: The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance as at 1 April 2018.

The Group's contract assets represent the Group's right to consideration for work completed but not yet billed to customers at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional, that is, when the Group issues progress billings to customers based on contract terms agreed with customer. All contract assets are expected to be recovered/settled within one year.

The ageing analysis of financial assets included in accrued revenue, deposits and other receivables (net of impairment loss) as at 31 March 2018 based on due date is as follows:

| | 2018 <i>HK\$'000</i> |
|-------------------------------|-------------------------|
| Neither past due nor impaired | 205,139 |
| 1 to 90 days past due | 16,351 |
| 91 to 180 days past due | 75 |
| 181 to 360 days past due | 150 |
| Over 360 days past due | <u>9,019</u> |
| | <u>230,734</u> |

Financial assets included in accrued revenue, deposits and other receivables as at 31 March 2018 that were neither past due nor impaired related to a wide range of debtors that have good track records with the Group.

Financial assets included in accrued revenue, deposits and other receivables as at 31 March 2018 that were past due but not impaired related to debtors that have good track records with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The table below reconciles the impairment loss on prepayments, deposits, other receivables and contract assets for the year:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| As at 1 April | 15,777 | 5,172 |
| Impact of initial application of HKFRS 9 | <u>425</u> | <u>–</u> |
| Adjusted balance as at 1 April | 16,202 | 5,172 |
| Impairment loss recognised | 34,697 | 10,659 |
| Recovery of impairment loss previously recognised | (6) | (54) |
| Written-off | <u>(303)</u> | <u>–</u> |
| As at 31 March | <u><u>50,590</u></u> | <u><u>15,777</u></u> |

The Group recognises impairment loss based on its adopted accounting policy.

20. TRADE PAYABLES

At the end of the reporting period, the Group was granted by its suppliers credit periods ranging from 0 to 30 (2018: 0 to 30) days. The ageing analysis of the trade payables based on invoice date at the end of the reporting period is as follows:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0 to 30 days | 44 | 78 |
| Over 360 days | <u>294</u> | <u>294</u> |
| | <u><u>338</u></u> | <u><u>372</u></u> |

21. ACCRUED LIABILITIES, OTHER PAYABLES, RECEIPT IN ADVANCE AND CONTRACT LIABILITIES

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Accrued liabilities and other payables | 3,469 | 9,221 |
| Receipt in advance | 433 | 14,263 |
| Contract liabilities (<i>note (a)</i>) | <u>32,964</u> | <u>–</u> |
| | <u><u>36,866</u></u> | <u><u>23,484</u></u> |

Note:

(a) Contract liabilities

| | 31 March 2019 | 1 April 2018 (Note) | 31 March 2018 (Note) |
|---|--------------------------|---------------------------|----------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Contract liabilities in relation to: | | | |
| — Contracts for valuation and advisory services | <u>32,964</u> | <u>13,830</u> | <u>—</u> |
| | <u><u>32,964</u></u> | <u><u>13,830</u></u> | <u><u>—</u></u> |

Note: The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance as at 1 April 2018.

Movements in contract liabilities

| | 2019 |
|--|-----------------------------|
| | <i>HK\$'000</i> |
| Balance as at 1 April | 13,830 |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period | (13,830) |
| Increase in contract liabilities as a result of advance consideration received | <u>32,964</u> |
| Balance as at 31 March | <u><u>32,964</u></u> |

The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of each reporting period. The amount of advance consideration received from valuation and advisory services contracts is expected to be recognised as income within one year.

22. FINANCE LEASE LIABILITIES

The Group leased 3 (2018: 3) motor vehicles as at 31 March 2019. The leases of motor vehicles were classified as finance lease as the rental period amounted to the estimated useful economic life of the assets concerned and the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments as at 31 March 2019 and 2018 are due as follows:

| | 2019 | | |
|---|---------------------------------------|---------------------------|----------------------------|
| | Minimum lease payments | Interest | Present value |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Not later than one year | 985 | (41) | 944 |
| Later than one year and not later than five years | <u>668</u> | <u>(28)</u> | <u>640</u> |
| | <u><u>1,653</u></u> | <u><u>(69)</u></u> | <u><u>1,584</u></u> |

| | 2018 | | |
|---|---|-----------------------------|-------------------------------------|
| | Minimum lease payments <i>HK\$'000</i> | Interest <i>HK\$'000</i> | Present value <i>HK\$'000</i> |
| Not later than one year | 1,347 | (51) | 1,296 |
| Later than one year and not later than five years | 1,039 | (23) | 1,016 |
| | <u>2,386</u> | <u>(74)</u> | <u>2,312</u> |

The present value of future lease payments are analysed as:

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|-------------------------|-------------------------|-------------------------|
| Current liabilities | 944 | 1,296 |
| Non-current liabilities | 640 | 1,016 |
| | <u>1,584</u> | <u>2,312</u> |

23. BANK BORROWINGS

| | 2019 <i>HK\$'000</i> | 2018 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Current | | |
| Interest bearing | | |
| — bank borrowings due for repayment within one year (note) | <u>100,000</u> | <u>100,000</u> |

Note:

At 31 March 2019, the bank borrowings of HK\$100,000,000 (2018: HK\$100,000,000) were secured by bank deposits of HK\$108,557,000 (2018: HK\$106,524,000) placed by a subsidiary in a licenced bank. Interest is charged at Hong Kong Inter-bank Offered Rate (“HIBOR”) +1% (2018: HIBOR+1%) per annum.

The above banking facilities are subject to the fulfillment of covenants relating to the minimum requirement of pledged bank deposits and compliance with the bank’s administrative requirements, as are commonly found in lending arrangements with financial institutions in Hong Kong. If the subsidiary was to breach the covenants, the drawn down facility would become repayable on demand.

At 31 March 2019, the bank borrowings were scheduled for repayment within one year or on demand.

The Group regularly monitors the compliance with these covenants and the scheduled repayments of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the subsidiary continues to meet these requirements. As at 31 March 2019, none of the covenants relating to the drawn down facilities had been breached.

24. SHARE CAPITAL

| | Number of ordinary shares | | HK\$'000 |
|---|------------------------------|----------------------|----------------|
| | at HK\$0.016 each | at HK\$0.064 each | |
| Authorised | | | |
| At 1 April 2017 | 5,000,000,000 | – | 80,000 |
| Effect of share consolidation (<i>note (a)</i>) | (5,000,000,000) | 1,250,000,000 | – |
| Increase in authorised share capital (<i>note (a)</i>) | – | 7,750,000,000 | 496,000 |
| At 31 March 2018, 1 April 2018 and 31 March 2019 | – | 9,000,000,000 | 576,000 |
| Issued | | | |
| At 1 April 2017 | 4,999,853,300 | – | 79,998 |
| Effect of share consolidation (<i>note (a)</i>) | (4,999,853,300) | 1,249,963,325 | – |
| Effect of rights issue (<i>note (b)</i>) | – | 1,874,944,986 | 119,996 |
| At 31 March 2018 and 1 April 2018 | – | 3,124,908,311 | 199,994 |
| Effect of share repurchased and cancelled (<i>note (c)</i>) | – | (424,500,000) | (27,168) |
| At 31 March 2019 | – | 2,700,408,311 | 172,826 |

Notes:

- (a) Pursuant to the share consolidation completed on 19 October 2017, every four of the then existing issued and unissued Shares of par value of HK\$0.016 each in the share capital of the Company was consolidated into one consolidated Share of par value of HK\$0.064 each. Upon the share consolidation and increase in authorised share capital of the Company becoming effective, the authorised share capital of the Company increased from HK\$80,000,000 divided into 1,250,000,000 consolidated Shares to HK\$576,000,000 divided into 9,000,000,000 consolidated Shares by the creation of an additional 7,750,000,000 consolidated Shares.
- (b) Pursuant to the rights issue completed on 17 November 2017, a total of 1,874,944,986 rights Shares were issued on the basis of three rights Shares for every two consolidated Shares as at 26 October 2017 at HK\$0.15 per rights Share.
- (c) During the year ended 31 March 2019, the Company repurchased a total of 424,500,000 shares on the Stock Exchange with an aggregate consideration of approximately HK\$38,794,000. The above shares were cancelled.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2019, the Group's provision of valuation and advisory services contributed approximately 67.6% of the total revenue to the Group. The Group recorded an increase in revenue generated from the provision of valuation and advisory services of approximately 3.3% as compared with that for the year ended 31 March 2018. Despite the fierce competition in the valuation and advisory industry the Group facing, the performance of valuation and advisory service during the year ended 31 March 2019 remained comparable with that of 31 March 2018 and the Group has started to expand its service scope to the environmental, social and governance ("ESG") reporting service during the year ended 31 March 2019 as a new key driver under the valuation and advisory service segment. The Group aims to provide all-rounded with high quality service to its customers so as to sustain its growth. In addition, the Group always uses its best endeavours to explore various merger and acquisition opportunities and/or business collaboration to enhance its market presence in the valuation and advisory industry in Hong Kong.

The Group's provision of financing services contributed approximately 32.4% of the total revenue to the Group for the year ended 31 March 2019. The Group's interest income generated from provision of financing services for the year ended 31 March 2019 increased by approximately 18.1% as compared with that for the year ended 31 March 2018.

The Group has been continuously seeking different opportunities to broaden its income stream and the market presence.

The Group distributed discretionary bonus and granted share options under the share option scheme of the Company during the year ended 31 March 2019 to retain and motivate high-caliber individuals for their continuous contribution to the Group. The Group always considers its professional teams as the most valuable asset of the Group and offers competitive remuneration package to attract and retain high-caliber individuals.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2019, the Group recorded an increase of approximately 7.7% in revenue as compared with that for the year ended 31 March 2018. Such an increase was mainly due to the increase in both services fee income generated from provision of valuation and advisory services and interest income generated from provision of financing services.

The services fee income generated from provision of valuation and advisory services increased to approximately HK\$47.4 million for the year ended 31 March 2019 from approximately HK\$45.9 million for the year ended 31 March 2018 and contributed approximately 67.6% of the total revenue to the Group for the year ended 31 March 2019. The increase in service fee income for the year ended 31 March 2019 was mainly due to an increase in the number of ESG reporting services projects which generated revenue to the Group during the year ended 31 March 2019 as compared with that during the year ended 31 March 2018.

The interest income generated from provision of financing services increased to approximately HK\$22.8 million for the year ended 31 March 2019 from approximately HK\$19.3 million for the year ended 31 March 2018 and contributed approximately 32.4% of the total revenue to the Group for the year ended 31 March 2019. The increase in interest income for the year ended 31 March 2019 was mainly attributable to the expansion of loan portfolio during the year ended 31 March 2019 as compared with that during the year ended 31 March 2018.

Other income

The Group's other income increased by approximately 92.2% for the year ended 31 March 2019 as compared with that for the year ended 31 March 2018. Such an increase was mainly attributable to (i) the increase in the time deposits interest rates offered by the licensed banks to the Group; and (ii) additional pledged deposits placed in the licensed banks starting from February 2018 which only had two months impact during the year ended 31 March 2018 whereas having full year impact during the year ended 31 March 2019.

Employee benefit expenses

Employee benefit expenses mainly consisted of wages and salaries, discretionary bonus, pension costs and other benefits to the staff and the Directors. The Group's employee benefit expenses increased by approximately 11.1% for the year ended 31 March 2019 as compared with those for the year ended 31 March 2018. The increase was mainly attributable to share-based payment (namely, the grant of share options under the share option scheme of the Company) during the year ended 31 March 2019. The Group always values the contribution of its professional and management teams and has distributed bonus and granted share options during the year ended 31 March 2019 to retain high-caliber individuals for continuous contribution to the Group.

Depreciation and amortisation

The Group recorded a slight increase in depreciation and amortisation of approximately 4.3% for the year ended 31 March 2019 as compared with that for the year ended 31 March 2018. The increase was mainly attributable to additions of leasehold improvement for the new office premises during the month of June 2017 which only had ten months impact during the year ended 31 March 2018 whereas having full year impact during the year ended 31 March 2019.

Finance costs

The Group's finance costs referred to interest expenses incurred for bank borrowings and finance lease liabilities. During the year ended 31 March 2019, more finance costs were incurred due to additions of bank borrowings starting from February 2018 which only had two months impact during the year ended 31 March 2018 whereas having full year impact during the year ended 31 March 2019.

Other expenses

The Group's other expenses increased by approximately 91.7% for the year ended 31 March 2019 as compared with those for the year ended 31 March 2018. Such an increase was mainly attributable to the increases in (i) impairment loss on trade and other receivable; (ii) impairment loss on loans and interest receivable; and (iii) impairment loss of goodwill during the year ended 31 March 2019 as compared with those for the year ended 31 March 2018. The increases in the impairment loss on trade and other receivables and loan and interest receivables is mainly due to the adoption of HKFRS 9 which assess the impairment based on the "ECLs model" replacing HKAS39 "incurred loss model". HKFRS 9 requires the Group to recognise ECLs for trade and other receivables and loan and interest receivables earlier than HKAS 39.

Loss attributable to owners of the Company

Loss attributable to owners of the Company amounted to approximately HK\$71.4 million for the year ended 31 March 2019 which increased by approximately HK\$45.9 million as compared to the loss attributable to owners of the Company of approximately HK\$25.5 million for the year ended 31 March 2018. The increase was mainly attributable to the (i) significant increase in the impairment loss of trade and other receivable; (ii) increase in impairment loss on loans and interests receivable; and (iii) impairment loss of goodwill outweighing impact of increase in the Group's total revenue for the year ended 31 March 2019.

REVIEW ON ADVANCE TO ENTITY AND/OR PROVISION OF FINANCIAL ASSISTANCE

As at 31 March 2019, there was no advance to entity that needs to be disclosed in accordance with Chapter 17 of the GEM Listing Rules.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2019, the Group mainly financed its operations with its own working capital and bank borrowings. As at 31 March 2019 and 31 March 2018, the Group had net current assets of approximately HK\$306.3 million and HK\$634.8 million respectively, including cash and bank balances of approximately HK\$109.9 million and HK\$204.5 million, respectively. The Group's pledged bank deposits of approximately HK\$108.6 million as at 31 March 2019 represented cash at bank held by the Group and pledged for bank borrowings. The Group's current ratio (current assets divided by current liabilities) were approximately 3.2 and 6.1 as at 31 March 2019 and 31 March 2018 respectively.

As at 31 March 2019 and 31 March 2018, the Group's total bank borrowings amounted to approximately HK\$100.0 million. All bank borrowings were denominated in HK\$. Details of the bank borrowings of the Group are set out in note 23 to the consolidated financial statements in this announcement. As at 31 March 2019 and 31 March 2018, the Group's total finance lease liabilities amounted to approximately HK\$1.6 million and HK\$2.3 million respectively. The Group's gearing ratio (finance lease liabilities and bank borrowings divided by total equity) increased to approximately 0.19 as at 31 March 2019 from approximately 0.14 as at 31 March 2018.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients and credit review of the Group's loan portfolio. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK\$4.6 million and HK\$9.1 million as at 31 March 2019 and 31 March 2018 respectively. As at 31 March 2019, the Group did not have any capital commitments (31 March 2018: nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 24 to the consolidated financial statements in this announcement.

SIGNIFICANT INVESTMENTS

Save for the investment of 19.9% equity interest in Greater China Appraisal as disclosed in note 16 to the consolidated financial statements in this announcement, the Group did not hold any significant investments as at 31 March 2019.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2019 (31 March 2018: nil).

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2019, the Group's exposure to currency risk was limited to its bank balances denominated in Renminbi ("RMB") as a majority of the Group's transactions, monetary assets and liabilities are denominated in HK\$ and United States Dollars ("US\$"). In the event that RMB appreciated by 3% against HK\$, the Group's loss for the year ended 31 March 2019 would decrease by approximately HK\$615,000 (2018: the Group's loss decreased by approximately HK\$596,000). On the contrary, if RMB depreciated by 3% against HK\$, the Group's loss for the year ended 31 March 2019 would increase by approximately HK\$615,000 (2018: the Group's loss increased by approximately HK\$596,000). As US\$ is pegged to HK\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. The Group will continue to monitor its foreign currency exposure closely.

PLEDGE OF ASSETS

As at 31 March 2019, save for the pledged bank deposits and motor vehicles acquired under finance leases, the Group did not pledge any of its assets (31 March 2018: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019 and 2018, the Group employed a total of 69 and 67 full-time employees respectively. The Group's total employee benefit expenses were approximately HK\$39.6 million and HK\$35.7 million for the years ended 31 March 2019 and 2018 respectively. Remuneration is determined by reference to market conditions and the performance, qualification and experience of individual employee. In addition to a basic salary, discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. The Company adopted a share option scheme on 26 September 2011 and a share award plan on 22 June 2018 as incentives to the Directors (in relation to the share option scheme only) and the eligible participants. The Group also provides and arranges on-the-job training for the employees.

USE OF PROCEEDS

The rights issue in 2014

In December 2014, the Company raised net funds of approximately HK\$280.0 million from its rights issue of 3,183,112,500 Shares (the "2014 RI Proceeds"). As at 31 March 2019, (i) HK\$36.7 million of the 2014 RI Proceeds was paid for the acquisition of equity interest in Bonus Boost International Limited which has a wholly-owned subsidiary principally involved in acting as a surveyor, valuer and property consultant; (ii) HK\$25.0 million of the 2014 RI Proceeds was paid for the acquisition of a 19.9% equity interest in Greater China Appraisal which is principally engaged in the provision of assets appraisal services; (iii) approximately HK\$126.3 million of the 2014 RI Proceeds, being the entire portion intended to be used for the Group's provision of financing services, was utilised for the granting of mortgage loans to independent third parties; and (iv) approximately HK\$92.0 million of the 2014 RI Proceeds was utilised for the existing money lending business. As at 31 March 2019, all 2014 RI Proceeds were utilised.

The rights issue in 2017

In November 2017, the Company raised net funds of approximately HK\$258.0 million from its rights issue of 1,874,944,986 Shares (the "2017 RI Proceeds"). Up to the date of this announcement, approximately HK\$135.0 million of the 2017 RI Proceeds was utilised for the granting of various loans, approximately HK\$15.8 million of the 2017 RI Proceeds was used for investment in potential business and approximately HK\$33.0 million of the 2017 RI Proceeds was used for the Group's general working capital, and the rest was kept as cash at a licensed bank in Hong Kong. The proposed and actual use of the 2017 RI Proceeds up to the date of this announcement are set as below.

| | Proposed use of the 2017 RI Proceeds <i>(HK\$ in million)</i> | Actual use of the 2017 RI Proceeds up to date of this announcement <i>(HK\$ in million)</i> |
|--|---|---|
| Expansion of the Group's existing financing business | 135.0 | 135.0 |
| Investment in potential businesses (<i>note</i>) | 90.0 | 15.8 |
| General working capital | 33.0 | 33.0 |
| Total | <u>258.0</u> | <u>183.8</u> |

Note: The Company currently expects that the unutilised 2017 RI Proceeds will be used by 31 March 2020.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the section headed “Significant Investments”, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2019.

DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 March 2019 (2018: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the section headed “Use of proceeds” above, the Group currently does not have other concrete plans for material investments and capital assets.

FUTURE PROSPECTS

The Group always aims to be the leading valuation and advisory services provider in Hong Kong. In order to maintain and further enhance the Group’s market presence in the valuation and advisory industry in Hong Kong, the Group will proactively explore further merger and acquisition opportunities and/or business collaboration. In order to well manage the Group’s credit risk, the Group will further diversify its loan portfolio.

In addition, in order to diversify the Group’s revenue streams, the Group has obtained a license from the Securities and Futures Commission of Hong Kong (the “SFC”) under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”) to carry on Type 1 regulated activity (i.e. dealing in securities) on 13 December 2018. Moreover, the Group has entered into an agreement to conditionally agree to acquire entire issued share capital of a company which is a corporation licensed by the SFC to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. For further details of this acquisition, please refer to the announcement of the Company dated 21 December 2018.

OTHER INFORMATION

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

During the year ended 31 March 2019, the Company repurchased a total of 424,500,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK\$38.8 million.

Details of the shares repurchases are as follows:

| Date | Total number of Shares repurchased | Price per Share | | Approximate aggregate consideration HK\$'000 |
|--------------|--|-----------------|----------------|---|
| | | Highest HK\$ | Lowest HK\$ | |
| July 2018 | 124,500,000 | 0.097 | 0.095 | 11,986 |
| October 2018 | 300,000,000 | 0.089 | 0.087 | 26,808 |

All of the repurchased Shares were cancelled.

Save as above, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries repurchase or sell any of the Company's listed securities during the year ended 31 March 2019.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiries of all Directors by the Company, all Directors confirmed that they had complied with the required standard of dealings and the Company's code of conduct concerning securities transactions by the Directors during the year ended 31 March 2019.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the shareholders of the Company and enhance the business growth of the Group.

During the year ended 31 March 2019, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules except the following deviation:

Code Provision A.2.1

The above code provision stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

During the year ended 31 March 2019 and up to the date of this announcement, Mr. Yue Kwai Wa Ken has been both the chairman of the Board (the “Chairman”) and the chief executive officer of the Group (the “CEO”).

The Board considers that having the same person to perform the roles of both the Chairman and the CEO provides the Company with strong and consistent leadership, and allows effective and efficient planning and implementation of business decisions and strategies. Such structure would not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals and having meeting regularly to discuss issues affecting the operations of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong during the year ended 31 March 2019.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in daily operations, such as energy saving and recycling of office resources. The Group will continue to seek better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws and regulations in Hong Kong in respect of environmental protection, health and safety, workplace conditions and employment.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as its valuable assets and it strictly complies with the labour laws and regulations in Hong Kong and reviews regularly the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as the medical reimbursement and organising annual dinner, sports activities, etc.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database for direct communications with recurring customers for developing long-term business relationships.

The Group maintains effective communications and develops long-term trust relationships with the suppliers. During the year ended 31 March 2019, there was no material dispute or arguments between the Group and the suppliers.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors or any entity connected with any Director had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group, to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 March 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2019 and up to the date of this announcement, none of the Directors or any of their respective close associates (as defined in the GEM Listing Rules), engaged in any business that competed or might compete with the businesses of the Group, or had any other conflict of interest with the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 26 September 2011 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The terms of reference of the Audit Committee are available at the respective websites of the Company and the Stock Exchange. The major roles and functions of the Audit Committee are to review the financial systems of the Group; to review the accounting policies, financial positions and results, and financial reporting procedures of the Group; to communicate with external auditor; to assess the performance of internal financial and audit personnel; to review the risk management system and to assess the internal controls of the Group; and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. The Company has adopted a whistleblowing policy in order to allow the employees or other stakeholders (such as suppliers and customers) of the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group.

As at the date of this announcement, the Audit Committee currently consists of three members, namely Mr. Ko Wai Lun Warren, Ms. Li Tak Yin and Mr. Wong Tat Keung (being the chairman of the Audit Committee), all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed this announcement, including the audited consolidated results of the Group for the year ended 31 March 2019.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in this announcement have been agreed by the Company's independent auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2019. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

By order of the Board
Roma Group Limited
Yue Kwai Wa Ken
Executive Director,
Chief Executive Officer,
Chairman and
Company Secretary

Hong Kong, 31 May 2019

As at the date of this announcement, the executive Directors are Mr. Yue Kwai Wa Ken (Chairman and Chief Executive Officer), Mr. Li Sheung Him Michael; and the independent non-executive Directors are Mr. Ko Wai Lun Warren, Ms. Li Tak Yin, Mr. Man Wai Lun and Mr. Wong Tat Keung.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the website of the Company at www.romagroup.com.