



# Roma Group Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 8072



# ANNUAL REPORT 2018/2019



## **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.**

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*This report, for which the directors of Roma Group Limited (the “Company” and the “Director”, respectively) 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 report 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 report misleading.*

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(As at 24 June 2019)

## Registered office

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Head office and principal place of business in Hong Kong

22/F., China Overseas Building  
139 Hennessy Road  
Wanchai  
Hong Kong

## Company's website

[www.romagroup.com](http://www.romagroup.com)

## Executive Directors

Mr. Yue, Kwai Wa Ken (*Chairman and Chief Executive Officer*)  
Mr. Li, Sheung Him Michael

## Independent non-executive Directors

Mr. Ko, Wai Lun Warren  
Ms. Li, Tak Yin  
Mr. Man, Wai Lun  
Mr. Wong, Tat Keung

## Company secretary

Mr. Yue, Kwai Wa Ken, AICPA

## Authorised representatives

Mr. Yue, Kwai Wa Ken  
Mr. Li, Sheung Him Michael

## Compliance officer

Mr. Yue, Kwai Wa Ken

## Audit committee

Mr. Wong, Tat Keung (*chairman*)  
Mr. Ko, Wai Lun Warren  
Ms. Li, Tak Yin

## Remuneration committee

Mr. Ko, Wai Lun Warren (*chairman*)  
Ms. Li, Tak Yin  
Mr. Wong, Tat Keung

## Nomination committee

Ms. Li, Tak Yin (*chairperson*)  
Mr. Ko, Wai Lun Warren  
Mr. Wong, Tat Keung

### Our Services



Valuation



Corporate  
And Risk  
Advisory



Natural  
Resources  
Advisory



ESG  
Reporting

(As at 24 June 2019)

**Principal share registrar and transfer office  
in the Cayman Islands**

**Conyers Trust Company (Cayman) Limited**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

**Hong Kong branch share registrar and  
transfer office**

**Tricor Investor Services Limited**

Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

With effect from 11 July 2019, will relocate to:  
Level 54  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

**Principal banker**

**China Construction Bank (Asia) Corporation Limited**

Suite 2508-14  
25/F  
Tower 6  
The Gateway  
Harbour City  
Kowloon  
Hong Kong

**Independent auditor**

**BDO Limited**

Certified Public Accountants  
25th Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

**GEM stock code**

8072

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Valuation



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Exploring Beyond Resources | Realizing Your Full Potential

A close-up photograph of a green plant with long, thin leaves and small, yellowish-green flower heads. The text "Think Green" and "think about our community" is overlaid on the left side of the image.

Think Green  
think about our community





	ESG REPORTING
	Environmental, Social and Governance Report
	CORPORATE AND RISK ADVISORY
	Property Agency
	Land Advisory
	Credit and Risk Evaluation
	Internal Control Advisory
	NATURAL RESOURCES ADVISORY
	Natural Resources Valuation and Technical Advisory





We Value Assets | We Value Our Clients



# Inspirational & Sustainable

solutions for our environment





## VALUATION



Business and Intangible Assets Valuation



Financial Instruments Valuation



Property Valuation



Purchase Price Allocation



Work of Art Valuation



Machinery and Equipment Valuation



Biological Assets Valuation



Auction





## Dear Shareholders,

On behalf of the board of Directors (the "Board") of the Company, I am pleased to present the audited consolidated annual financial statements of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2019.

## REVIEW

During the past financial year, the Group has continued to expand its valuation division and had assisted, in the capacity of independent valuer, a number of successful public transactions as well as initial public offerings. In addition, the Group has started to expand its service scope to the environmental, social and governance reporting service as a new key driver under the valuation and advisory service segment. With our professional team's ample experiences in providing a wide spectrum of valuation and advisory services, the Board remains confident on and committed to the continuation of the Group's mission to maintain a leading position within the valuation sector in Hong Kong.

With regards to the Group's natural resources advisory services, the performance bounced back due to rise of engaged projects and less impairment loss on trade and other receivables as compared to the last corresponding period, which brought positive impact to the Group's financial results for the year ended 31 March 2019. The Board is of the view that the demand for our natural resources advisory services shall keep improving during the next financial year as the global mining sector recovers and has taken the necessary steps to lay down the foundations for the near future.

In respect of the financing services industry, under certain challenges and uncertainties such as the keen market competition with the persistent increase in the number of money lenders and intensive price war on interest margin among those market players, the Group still achieved a growth in revenue by approximately HK\$3.5 million or 18.1% to approximately HK\$22.8 million as compared to approximately HK\$19.3 million in the prior year due to expansion of loan portfolio. Same as last year, the Group continues to adopt a prudent and cautious approach to handle our financing services business.

## PROSPECTS

In order to maintain and further enhance the Group's market presence in the valuation and advisory industry in Hong Kong, the Group will continue to source sound and suitable merger and acquisition opportunities and/or business collaboration.

In addition, 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 out Type 1 regulated activity (dealing in securities) on 13 December 2018 and has entered into an agreement to conditionally agree to acquire the 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. Upon obtaining these licenses, the Group aims to be an integrated securities house in Hong Kong providing a wide range of securities broking and related financial services in order to diversify the Group's existing revenue streams.

The Board remains convinced and dedicated to the continuation of the Company's mission to maintain a leading position in Hong Kong, through dedication, innovation and expansion so as to deliver sustainable growth and profitability to the Group and its shareholders (the "Shareholders") as a whole.

## APPRECIATION

On behalf of the Board, I would like to express my appreciation to the Group's management and staff for their unreservedly dedication to the Group. I would also like to express my sincere gratitude to our loyal customers who continuously support us as well as to our Shareholders who recognise the value and potential of the Group.

**Roma Group Limited**  
**Yue, Kwai Wa Ken**  
*Chairman*

Hong Kong, 31 May 2019

## 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 services 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 highcaliber 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.

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## 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 sharebased 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.

## 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 for better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws and regulations 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, 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.

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## 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 Hong Kong Dollars ("HK\$"). Details of the bank borrowings of the Group are set out in note 28 to the consolidated financial statements of the Group. 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 30 to the consolidated financial statements of the Group.

## SIGNIFICANT INVESTMENTS

Save for the investment of 19.9% equity interest in Greater China Appraisal Limited ("Greater China Appraisal") as disclosed in note 20 to the consolidated financial statements of the Group, 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 (the "Share Option Scheme") and a share award plan on 22 June 2018 (the "Plan") 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 of the Company (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.

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## 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 of the Company (the "2017 RI Proceeds"). Up to the date of this annual report, 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 annual report are set as below.

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

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.

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## EXECUTIVE DIRECTORS

**Mr. Yue, Kwai Wa Ken (余季華)**, aged 53, has been appointed as an executive Director on 18 March 2011. Mr. Yue is the company secretary and the compliance officer of the Company and is also a director of a number of subsidiaries of the Company. Mr. Yue obtained a diploma of technology in financial management accounting option from the British Columbia Institute of Technology in Canada and a bachelor degree of science in accounting from Upper Iowa University of the United States. He is a member of the American Institute of Certified Public Accountants, a member of the Chartered Global Management Accountants and a fellow member of the Colorado State Society of Certified Public Accountants. Mr. Yue has over 20 years of experience in accounting and finance. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited (Stock code: 3838) since 5 September 2007 and Major Holdings Limited (Stock code: 1389) since 30 December 2013. Mr. Yue was an independent non-executive director of Manfield Chemical Holdings Limited (Stock code: 1561) between 6 November 2015 and 31 December 2018. Mr. Yue was the executive director of Legend Strategy International Holdings Group Company Limited (Stock code: 1355) between 4 July 2014 and 18 November 2014. Shares of the abovementioned companies are listed on the Stock Exchange. Mr. Yue is the sole director of Fast and Fabulous Company Limited, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

**Mr. Li, Sheung Him Michael (李尚謙)**, aged 35, was appointed as an executive Director on 31 May 2018. He is also a director of a number of subsidiaries of the Company. Mr. Li obtained BSc Biochemistry from Imperial College, London in September 2005 and MRes in Structural Biology from Birkbeck College, London in September 2006. From September 2007 to November 2009, Mr. Li was the business development manager of Kinetics Group in London. Since January 2010, Mr. Li has been working in the Group as a project director.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Ko, Wai Lun Warren (高偉倫)**, aged 51, has been appointed as an independent non-executive Director on 6 March 2014. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Ko was educated in Canada and England. He obtained his bachelor of science degree from the Simon Fraser University in Canada and bachelor of laws degree from the University of Leeds in England. Mr. Ko was a partner of Richards Butler, an international law firm, between 2001 and 2005. He is currently a partner at the law firm, Robertsons and specialises in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Mr. Ko is qualified to practise law in both England and Wales and Hong Kong. Mr. Ko was also an independent non-executive director of Cloud Investment Holdings Limited (formerly known as China Bio Cassava Holdings Limited) whose shares are listed on GEM (Stock code: 8129) between 13 February 2014 and 26 March 2019. Mr. Ko was a non-executive director of Global Tech (Holdings) Limited whose shares are listed on the main board of the Stock Exchange (Stock code: 143) and the Singapore Exchange Securities Trading Limited between 26 September 2003 and 11 March 2016.

**Ms. Li, Tak Yin (李德賢)**, aged 38, has been appointed as an independent non-executive Director on 13 September 2017. She is the Chairperson of Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Ms. Li has over 12 years of experience in sales and marketing. She joined Unisto Ltd., a company based in Switzerland, as a sales executive in 2006, then promoted as a sales manager in 2008, and was later promoted as the sales manager of the Asia region in 2015. She is responsible for the sales and marketing of name badge section in the Asian market, including Hong Kong, Macau, Taiwan, Singapore and Philippines. Ms. Li holds a Bachelor of Arts (Hons) in marketing from The Hong Kong Polytechnic University.

**Mr. Wong, Tat Keung (黃達強)**, aged 48, has been appointed as an independent non-executive Director on 2 March 2016. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Wong is a holder of a master's degree in business administration (financial services) from the University of Greenwich, England. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and has more than 21 years of experience in audit, taxation, accounting and business advisory. From January 2006 to February 2010, he was the proprietor of Aston Wong & Co., Certified Public Accountants practising in Hong Kong. Since January 2010, he has been a director of his own corporate practice, namely Aston Wong CPA Limited. Mr. Wong has been appointed as an independent non-executive director of Singapore Development Limited whose shares are listed on Singapore Exchange Securities Trading Limited since 27 January 2017. Mr. Wong was an independent non-executive director of ZH International Holdings Limited whose shares are listed on the Stock Exchange (Stock code: 185) between 7 December 2009 and 27 July 2015. Mr. Wong has been appointed as an independent non-executive director of Lerthai Group Limited whose shares are listed on the Stock Exchange (Stock code: 112) since 30 November 2018.

**Mr. Man, Wai Lun (文偉麟)**, aged 46, was appointed as an independent non-executive Director on 12 March 2019. He obtained his diploma in Business Management from the School of Continuing Education, Hong Kong Baptist University in April 2003 and obtained a bachelor degree of accountancy from the University of South Australia in March 2007. Mr. Man has over 16 years of experience in accounting. He was an executive director and compliance officer of Glory Flame Holdings Limited (a company listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with stock code: 8059) from October 2016 to September 2018. He worked as the chief accountant in Inno-Tech Holdings Limited (a company listed on GEM of the Stock Exchange with stock code: 8202) from May 2006 to January 2011. Since January 2019, Mr. Man is an independent non-executive director of Elegance Optical International Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 907) and an executive director of Life Healthcare Group Limited (a company listed on the Main Board of the Stock Exchange with stock code: 928). Currently, he is also an accountant of Glory Flame Holdings Limited (a company listed on GEM of the Stock Exchange with stock code: 8059). He is one of the directors of HF Financial Holdings (H.K.) Limited which was founded by him.

## SENIOR MANAGEMENT

Members of the senior management of the Group are the executive Directors whose biography are set out above.

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## CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group 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 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 deviations from the code provisions A.2.1, details of which are set out in the sections headed "Chairman and chief executive officer" in this corporate governance report.

## 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 enquiry of all Directors by the Company, all Directors confirmed that they have 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.

## BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises:

<b>Executive Directors:</b>	Mr. Li, Sheung Him Michael (appointed with effect from 31 May 2018)
	Mr. Yue, Kwai Wa Ken
<b>Independent non-executive Directors:</b>	Mr. Ko, Wai Lun Warren
	Ms. Li, Tak Yin
	Mr. Man, Wai Lun (appointed with effect from 12 March 2019)
	Mr. Wong, Tat Keung

There was no relationships (including financial, business, family or other material/relevant relationship) among the Directors and between the chairman and chief executive of the Company at all times during the year ended 31 March 2019.

Each of the independent non-executive Directors for the year ended 31 March 2019 has given an annual written confirmation of his/her independence to the Company, and accordingly the Company considers each of them to be independent under Rule 5.09 of the GEM Listing Rules.



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The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be convened as and when required. During the year ended 31 March 2019, 16 Board meetings as well as an annual general meeting (the “AGM”) of Shareholders were held. The record of attendance of each Director is set out as follows:

Name of Directors	Attended/eligible to attend	
	Board meeting	AGM
Ms. Chan, Hong Nei Connie (resigned with effect from 1 June 2018)	3/3	0/0
Mr. Li, Sheung Him Michael (appointed with effect from 31 May 2018)	13/13	1/1
Mr. Yue, Kwai Wa Ken	16/16	1/1
Mr. Choi, Wai Tong Winton (resigned with effect from 27 September 2018)	9/9	0/1
Mr. Ko, Wai Lun Warren	15/16	0/1
Ms. Li, Tak Yin	14/16	0/1
Mr. Man, Wai Lun (appointed with effect from 12 March 2019)	1/1	0/0
Mr. Wong, Tat Keung	16/16	1/1

## RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group’s affairs. The Board focuses on formulating the Group’s overall strategies; authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system and setting the Group’s values and standards. The day-to-day management, administration and operation of the Group are delegated to the executive Directors. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

Throughout the year ended 31 March 2019, the Company had at least three independent non-executive Directors and four independent non-executive Directors since 12 March 2019 and at all times met the requirements of the GEM Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board members and at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has arranged appropriate insurance coverage on the liabilities of the Directors in respect of any legal actions taken against the Directors arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

## CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance function set out in code provision D.3.1 of the CG Code, which includes, among others, (i) developing and reviewing the Company’s policies and practices on corporate governance, training and continuous professional development of the Directors and senior management of the Company, and (ii) reviewing and monitoring the Company’s policies and practices on compliance with legal and regulatory requirements, and developing, reviewing and monitoring the code of conduct of the Directors, etc.





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The Board holds meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Draft minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The company secretary of the Company (the "Company Secretary") is responsible for keeping the minutes of all meetings of the Board and the Board committees.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that all required procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the code provision A.2.1 of the CG Code, the roles of the chairman and 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 annual report, Mr. Yue 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 Group. 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.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the "Articles") provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. The term of appointment of each independent non-executive Director is set out in the section headed "Directors' Service Contracts and Letter of Appointment" in this annual report. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his independence and must provide an annual confirmation of his independence to the Company.

## PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. For the year ended 31 March 2019, all the Directors, namely Ms. Chan, Hong Nei Connie (resigned with effect from 1 June 2018), Mr. Li, Sheung Him Michael (appointed with effect from 31 May 2018), Mr. Yue, Kwai Wa Ken, Mr. Choi, Wai Tong Winton (resigned with effect from 27 September 2018), Mr. Ko, Wai Lun Warren, Ms. Li, Tak Yin, Mr. Man, Wai Lun (appointed with effect from 12 March 2019) and Mr. Wong, Tat Keung, had participated in continuous professional development programmes such as external seminars organised by qualified professionals and/or reading materials relevant to the Company's business or to directors' duties and responsibilities, to develop and refresh their knowledge and skills in relation to their contribution to the Board.

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

## AUDIT COMMITTEE

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 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.

Currently, the Audit Committee consisted of three members, namely Mr. Ko, Wai Lun Warren, Ms. Li, Tak Yin (appointed with effect from 27 September 2018) 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 "Independent Auditor"). The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2019.

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According to the terms of reference, the Audit Committee shall meet at least four times a year. Four meetings were held by the Audit Committee for the year ended 31 March 2019. In the meetings during the year ended 31 March 2019, the Audit Committee has reviewed the audited annual results of the Group and the unaudited first and third quarterly and interim results of the Group and recommended to the Board for consideration the re-appointment of BDO Limited as the Independent Auditor at the annual general meeting of the Company held in September 2018. The record of attendance of each member of the Audit Committee is set out as follows:

Name of members of the Audit Committee	Meeting attended/ eligible to attend
Mr. Wong, Tat Keung ( <i>chairman</i> )	4/4
Mr. Choi, Wai Tong Winton (resigned with effect from 27 September 2018)	2/2
Mr. Ko, Wai Lun Warren	4/4
Ms. Li, Tak Yin (appointed with effect from 27 September 2018)	1/2

The Audit Committee met on 31 May 2019 and, among other matters, reviewed the Group's audited consolidated financial statements for the year ended 31 March 2019.

The Group's internal control and risk management systems were reviewed regularly by management. With the view of enhancing the Group's internal control and risk management systems, during the year ended 31 March 2019, the Group had its internal audit function to review the Group's internal control system and recommend actions to improve the Group's internal controls. Based on the review, the Audit Committee is of the view that the Group's internal control and risk management systems were generally effective and adequate and in compliance with the requirements of the CG Code C.2.1 for the year ended 31 March 2019 in all material respects, provided that use of financial resources and dissemination of inside information could be further enhanced.

## REMUNERATION COMMITTEE

The Remuneration Committee was established on 26 September 2011. Currently, the Remuneration Committee consisted of the following members, namely Mr. Ko, Wai Lun Warren (being the chairman of the Remuneration Committee), Ms. Li, Tak Yin (appointed with effect from 27 September 2018) and Mr. Wong, Tat Keung, all being independent non-executive Directors. The terms of reference of the Remuneration Committee are available at the websites of the Company and the Stock Exchange.

The major roles and functions of the Remuneration Committee include assisting the Board to develop and administer fair and transparent procedures for setting policies on the remuneration of the Directors and senior management of the Company and determining the remuneration packages of the Directors and senior management of the Company.

Three meetings were held by the Remuneration Committee for the year ended 31 March 2019. In the meeting, the Remuneration Committee has performed its duties to determine and make recommendations to the Board on the remuneration package of the Board members including Director appointed during the year ended 31 March 2019 and senior management. The record of attendance of each member of the Remuneration Committee is set out as follows:

Name of members of the Remuneration Committee	Meeting attended/ eligible to attend
Mr. Ko, Wai Lun Warren ( <i>chairman</i> )	2/3
Ms. Chan, Hong Nei Connie (resigned with effect from 1 June 2018)	0/1
Mr. Choi, Wai Tong Winton (resigned with effect from 27 September 2018)	2/2
Ms. Li, Tak Yin (appointed with effect from 27 September 2018)	1/1
Mr. Wong, Tat Keung	3/3

The Remuneration Committee met on 31 May 2019 and considered remuneration related matters of the Directors and senior management.

Details of emoluments of the Directors and senior management of the Company for the year ended 31 March 2019 are set out in note 15 to the consolidated financial statements of the Group.

## NOMINATION COMMITTEE

The Nomination Committee was established on 26 September 2011. Currently, the Nomination Committee consisted of the following members, namely Mr. Ko, Wai Lun Warren, Ms. Li, Tak Yin (being the chairperson of the Nomination Committee with appointment with effect from 27 September 2018) and Mr. Wong, Tat Keung, all being independent non-executive Directors. The revised terms of reference of the Nomination Committee are available at the websites of the Company and the Stock Exchange.

The major roles and functions of the Nomination Committee include reviewing the structure, size, composition and diversity of the Board at least once a year; making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors; and assessing the independence of the independent non-executive Directors. The Board has adopted a policy of diversity of the Board. Accordingly, selection of Board member should base on a range of diversified perspective, including but not limited to the gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services.





Three meetings were held by the Nomination Committee for the year ended 31 March 2019. In the meeting, the Nomination Committee has performed its duties to review the structure, size and composition of the Board, make recommendations to the Board on the appointment and re-appointment of Directors and assess the independence of the independent non-executive Directors. The record of attendance of each member of the Nomination Committee is set out as follows:

Name of members of the Nomination Committee	Meeting attended/ eligible to attend
Mr. Choi, Wai Tong Winton ( <i>Chairman</i> ) (resigned with effect from 27 September 2018)	1/1
Ms. Li, Tak Yin ( <i>Chairperson</i> ) (appointed with effect from 27 September 2018)	1/1
Ms. Chan, Hong Nei Connie (resigned with effect from 1 June 2018)	0/1
Mr. Ko, Wai Lun Warren	3/3
Mr. Wong, Tat Keung	3/3

The Nomination Committee met on 31 May 2019 and recommend the re-appointment of all the retiring Directors at the forthcoming AGM.

## Board Nomination Policy

The Company adopted a nomination policy in compliance with the CG Code with effect from 1 January 2019, which establishes written guidelines to nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

## Nomination Process

The nomination committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The nomination committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the nomination committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

## Selection Criteria

The nomination committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

As disclosed in the paragraph headed “Senior management” in the section headed “Biographical Details of Directors and Senior Management” in this annual report, members of the senior management of the Group are the executive Directors. The remuneration of the executive Directors by band for the year ended 31 March 2019 by band is set out below:

Remuneration bands	Number of executive Directors during the year ended 31 March 2019
HK\$nil to HK\$1,000,000	–
HK\$1,000,001 to HK\$2,000,000	–
HK\$2,000,001 to HK\$3,000,000	1
HK\$3,000,001 to HK\$4,000,000	1

Further details of the Directors’ remuneration and the five highest paid employees for the year ended 31 March 2019 are set out in notes 15 to the consolidated financial statements of the Group.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 March 2019 that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “Companies Ordinance”), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error. The responsibility of the Independent Auditor is to form an independent opinion, based on their audit, on the Group’s consolidated financial statements prepared by the Directors and to report its opinion to the Shareholders. A statement by the Independent Auditor about their reporting responsibility is set out in the Independent Auditor’s report in this annual report.

### Internal Control and Risk Management

The Board emphasises the importance of a sound internal control system which is also indispensable for mitigating the Group’s key risk exposures. The Group’s system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and the Shareholders’ interests. For the year ended 31 March 2019, the management has reviewed the internal control system and the risk management of the Group and has provided written reports to the Audit Committee.



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The Group has adopted a three-tier risk management approach to identify, assess and manage different types of risks. As the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new system and oversees portfolio management. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defense, the internal audit function assists the Audit Committee to review the first and second lines of defence.

The Group is committed to the identification, evaluation and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by its internal audit function, the Audit Committee and the Board.

Through the Audit Committee, the Board has conducted annual review of the effectiveness of the Group's internal control and risk management systems for the year ended 31 March 2019, covering the material financial, operational and compliance controls, which are considered effective and adequate. The Audit Committee has reviewed the adequacy of resources, qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions on an annual basis.

The independent non-executive Directors have also reviewed the enforcement of (i) the Directors' undertaking that the Group will engage an independent professional geologist to review and report on the adequacy and effectiveness of the implementation of the Group's best practice guidelines for natural resources related projects annually subsequent to the listing of the Shares on GEM; and (ii) the Directors' undertaking that the Group will maintain at least the same standard and quality of staff going forward as long as the Group continues to engage in the provision of valuation and technical advisory services. The independent non-executive Directors are satisfied that the above undertakings have been complied with for the year ended 31 March 2019 and there is no matter that needs to be brought to the attention of the Shareholders.

## DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the GEM Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirements under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited unauthorized use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, Company Secretary and investor relations officers are authorised to communicate with parties outside the Group.

## AUDITOR'S REMUNERATION

During the year ended 31 March 2019, the fees paid/payable to the Independent Auditor is set out as follows:

Services rendered	Fees paid/payable (HK\$'000)
Audit services — annual results	828
Non-audit services	—
	828

## COMPANY SECRETARY

Mr. Yue, Kwai Wa Ken ("Mr. Yue") was appointed as the Company Secretary on 26 September 2011. The biographical details of Mr. Yue are disclosed in the section headed "Biographical Details of Directors and Senior Management" in this annual report. During the year ended 31 March 2019, the Company Secretary undertook not less than 15 hours of professional training to update his skills and knowledge.

## DIVIDEND POLICY

The Company adopted a policy on payment of dividends (the "Dividend Policy") in compliance with E.1.5 of the CG Code with effect from 1 January 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Board considers sustainable returns to Shareholders whilst retaining adequate reserve for the Group's future development to be an objective. Under the dividend policy adopted by the Company, dividends may be declared from time to time and be paid to Shareholders provided that the Group is profitable and without affecting the normal operations of the Group. In summary, the declaration of dividends and the dividend amount shall be determined at the sole and absolute discretion of the Board taking into account the following factors:

- (a) the Group's actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- (d) the Group's liquidity position;
- (e) statutory and regulatory restrictions;
- (f) general business conditions and strategies;
- (g) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (h) other factors that the Board deems relevant.

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**SHAREHOLDERS' RIGHTS**

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting (the "EGM").

**RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING**

Any one or more member(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business in Hong Kong as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary at the Company's principal place of business at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified not in order, the Shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

- (a) At least 14 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes an ordinary resolution of the Company; or
- (b) At least 21 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes a special resolution of the Company.

**RIGHT TO SEND ENQUIRIES TO THE BOARD**

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by e-mail to [info@romagroup.com](mailto:info@romagroup.com) for the attention of the Company Secretary.



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## PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Pursuant to Article 85 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the head office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules.

## PROCEDURES AND CONTACT DETAILS FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at [info@romagroup.com](mailto:info@romagroup.com). The identity of the Shareholder and his/her/its request will be verified with the Company's Hong Kong share registrar and upon confirmation by the branch share registrar that the request is made by a Shareholder and such request is proper and in order, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting. The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

- (1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires approval in an annual general meeting;
- (2) Notice of not less than 21 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of a special resolution in an EGM;
- (3) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval in an EGM other than by way of a special resolution of the Company.

## INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include the annual general meeting; the annual, interim and quarterly reports; notices; announcements; circular; memorandum of association and Articles on the Company's website at [www.romagroup.com](http://www.romagroup.com).

For the year ended 31 March 2019, there had been no significant change in the Company's constitutional documents.





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### ESG Reporting

The Directors hereby present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

## CHANGE IN DIRECTOR'S INFORMATION

Subsequent to the date of the 2018/2019 interim report of the Company, the change in Director's information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules for the year ended 31 March 2019 and up to the date of this report is set out below:

Mr. Man, Wai Lun has been appointed as an independent non-executive Director with effect from 12 March 2019.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The major activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements of the Group. There were no significant changes in the nature of the Group's principal activities during the year ended 31 March 2019.

An analysis of the Group's performance for the year ended 31 March 2019 by segments is set out in note 7 to the consolidated financial statements of the Group.

## RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2019 and financial position as at that date are set out in the Group's consolidated financial statements on pages 47 to 131 of this annual report.

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

## CORPORATE GOVERNANCE

Save as disclosed in this annual report, the Company had complied with all the applicable code provisions as set out in the CG Code contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2019.

Details of the principal corporate governance practices of the Group are set out in the section headed "Corporate Governance Report" on pages 18 to 29 of this annual report.

Mr. Yue, Kwai Wa Ken is the compliance officer of the Company and the Company Secretary whose biographical details including professional qualification are set out on page 16 of this annual report.

## BUSINESS REVIEW AND PERFORMANCE

### Review of our business and performance

A discussion and analysis of the Group's performance during the year ended 31 March 2019 and the key factors affecting its results and financial position are set out in the section headed "Management Discussion and Analysis" of this annual report.

A fair review of, and an indication of likely future development in the Group's business are set out in the "Chairman's Statement" and the section headed "Future Prospects" in the "Management Discussion and Analysis" of this annual report.

### Principal risks and uncertainties

The Group's success relies, to a significant extent, on the experience and knowledge of the Group's professional staff. The loss of the services of one or more members of the Group's key personnel due to their departure or other reasons, if the Group fails to replace any vacancy by recruiting new competent personnel with relevant experience and knowledge in the market, or employees leaving and setting up business in competition with the Group could adversely affect the Group's operation and financial position.

Besides, the Group engages independent professionals on a project-by-project basis from time to time to work alongside the Group's professional team to perform valuation and advisory services. In the event that the Group fails to engage suitable independent professionals for some of its projects when required, the Group's financial results may be adversely affected.

### Particulars of important events

Since 31 March 2019, being the end of the financial year under review, no other important event has occurred affecting the Group.

### Compliance with laws and regulations, environmental policy and relationships with stakeholders

Information on the compliance with laws and regulations, environmental policy and relationships with stakeholders are set out in the section headed "Management Discussion and Analysis" of this annual report.

## FINANCIAL HIGHLIGHTS

A five-year summary of the results and of the assets and liabilities of the Group is set out on page 132 of this annual report.

## SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 March 2019 are set out in note 30 to the consolidated financial statements of the Group.

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## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer its new Shares on a pro rata basis to existing Shareholders.

## 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. The repurchases were effected by the Directors for the enhancement of Shareholders' value.

Details of the shares repurchases are as follows:

Month of repurchase	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 purchase or sell any of the Company's listed securities during the year ended 31 March 2019.

## EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed "Share Option Scheme" below, the Group has not entered into any equity-linked agreements during the year ended 31 March 2019 or existed as at 31 March 2019.

## RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 March 2019 are set out in note 32 to the consolidated financial statements of the Group and in the consolidated statement of changes in equity on page 50 of this annual report respectively.

## DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the place of incorporation of the Company), amounted to approximately HK\$409.8 million. Such amount represented the Company's share premium and retained earnings, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.



## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2019, the Group's five largest customers represented less than 20% of the Group's total revenue. For the same year, the Group's largest and five largest suppliers represented approximately 23.7% and 52.8% of the Group's total consultancy fee respectively.

None of the Directors nor any of their close associates (as defined in the GEM Listing Rules) nor any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued Shares) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year ended 31 March 2019.

## DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this report were as follows:

### Executive Directors

Mr. Yue, Kwai Wa Ken (*Chairman and Chief Executive Officer*)  
 Mr. Li, Sheung Him Michael (appointed with effect from 31 May 2018)  
 Ms. Chan, Hong Nei Connie (resigned with effect from 1 June 2018)

### Independent non-executive Directors

Mr. Choi, Wai Tong Winton (resigned with effect from 27 September 2018)  
 Mr. Ko, Wai Lun Warren  
 Ms. Li, Tak Yin  
 Mr. Man, Wai Lun (appointed with effect from 12 March 2019)  
 Mr. Wong, Tat Keung

In accordance with Article 83(3) of the Articles, Mr. Man, Wai Lun will retire from office at the forthcoming AGM. Pursuant to Articles 84(1) and (2) of the Articles, Ms. Li, Tak Yin and Mr. Wong, Tat Keung will retire from office by rotation at the forthcoming AGM. All the above retiring Directors, being eligible, have offered themselves for re-election thereat.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 16 and 17 of this annual report.

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## **DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT**

Each of the executive Directors has entered into a service agreement with the Company for a term of three years or the date of appointment (as the case maybe).

Mr. Ko, Wai Lun Warren, an independent non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years commencing on 16 June 2017 and will continue thereafter unless terminated by either party giving to the other at least one month's notice in writing.

Mr. Wong, Tat Keung, an independent non-executive Director, has entered into a letter of appointment with the Company for an initial term from 2 March 2016 to 31 March 2017 and will continue thereafter unless terminated by either party giving to the other at least one month's notice in writing.

Ms. Li, Tak Yin, an independent non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years commencing on 13 September 2017 and will continue thereafter unless terminated by either party giving to the other at least three months' notice in writing.

Mr. Man, Wai Lun, an independent non-executive Director, has entered into a letter of appointment with the Company for an initial term of one year from 12 March 2019 and will continue thereafter unless terminated by either party giving to the other at least three months' notice in writing.

Other than as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## **CONFIRMATION OF INDEPENDENCE**

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

## **MANAGEMENT CONTRACTS**

No contract, other than a contract of service with any Director or any person under the full time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 March 2019.

## **REMUNERATION OF THE DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS**

Details of the remuneration of the Directors and the five individuals with the highest emoluments for the year ended 31 March 2019 are set out in note 15 to the consolidated financial statements of the Group.

## EMOLUMENT POLICY

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined by reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

The Company adopted the Share Option Scheme on 26 September 2011 and the Plan on 22 June 2018 as incentives to the Directors (in relation to the share option scheme only) and the eligible participants, details of which are set out in the sections headed "Share Option Scheme" and "Share Award Plan" below respectively.

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

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange, are as follows:

### Long positions in the Shares, underlying Shares and debentures of the Company

Name of Directors	The Company/name of associated company	Capacity/nature of interests	Number of Shares held	Number of underlying Shares held	Approximate percentage of interests (Note 1)
Mr. Yue Kwai Wa Ken ("Mr. Yue")	The Company	Interest of controlled corporation	300,000,000 (Note 2)	–	11.11%
		Beneficial interest	–	30,004,083 (Note 3)	1.11%
	Fast and Fabulous Company Limited ("Fast and Fabulous")	Trustee of the Plan	300,000,000 (Note 2)	–	11.11%
Mr. Li Sheung Him Michael ("Mr. Li")	The Company	Beneficial interest	–	30,004,083 (Note 3)	1.11%

Note 1: The percentage is calculated on the basis of the total number of issued Shares as at 31 March 2019.

Note 2: These 300,000,000 Shares were held by Fast and Fabulous, which was the trustee of the Plan adopted with effect from 22 June 2018. As the entire issued share capital of Fast and Fabulous was legally and beneficially owned by Mr. Yue, Mr. Yue was deemed to be interested in all the Shares in which Fast and Fabulous was interested by virtue of the SFO.

Note 3: These represent the Shares to be issued and allotted by the Company upon exercise of the options granted under the Share Option Scheme (as defined in the section headed "Share Option Scheme" of this report).





Save as disclosed above, as at 31 March 2019, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved by the Shareholders on (before the consolidation of Shares, which was effective on 19 October 2017) 26 September 2011 and became effective on 25 February 2013 (the "Listing Date"). Options comprising 120,016,332 underlying Shares, were granted under the Share Option Scheme on 15 August 2018 (the "Date of Grant"). The closing price of the Shares immediately before the date on which the options were granted was HK\$0.088 per Share.

Principal terms of the Share Option Scheme are set out as follows:

1. *Purpose*

The purpose of the Share Option Scheme is to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group.

2. *Participants*

The Board is authorised, at its absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe for the Shares to, among others, any employees (full-time and part-time), the Directors, consultants and advisors of the Group.

3. *Total number of Shares available for issue*

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as at 27 September 2018 (the date of AGM passing of an ordinary resolution by the Shareholders to approve the refreshment of the scheme mandate limit). On the basis of 3,000,408,311 Shares in issue on the 27 September 2018, the maximum number of Shares available for issue under the Share Option Scheme is equivalent to 300,040,831 Shares, representing 10% of the Shares in issue as at the 27 September 2018 and approximately 11.11% of the Shares in issue as at the date of this annual report.

4. *Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme in any 12-month period shall not exceed 1% of the Shares in issue with the exclusion of the independent non-executive Directors and substantial shareholders of the Company or their respective associates, which is subject to a lower percentage and a specified value).



If a grant of options to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director or their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) to such person under the Share Option Scheme in any 12-month period up to and including the date of the grant exceeding 0.1% of the Shares in issue from time to time and having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of options must be subject to Shareholders' approval taken on a poll. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular.

5. *Period within which the Shares must be taken up under an option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine, which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

6. *Minimum period for which an option must be held before it can be exercised*

The Board may in its absolute discretion set a minimum period for which an option must be held and the performance targets must be achieved before an option can be exercised.

7. *Time of acceptance and the amount payable on acceptance of the option*

An offer for the grant of options must be accepted for a period of 28 days from the day on which such offer is made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

8. *Basis of determining the subscription price*

The subscription price of the Shares in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Shares on the date of grant of the option.

9. *Life of the Share Option Scheme*

The Share Option Scheme became unconditional on the Listing Date and shall be valid and effective for a period of ten years commencing on the Listing Date, subject to the early termination provisions contained in the Share Option Scheme.

The Company is entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme does not exceed 10% of the issued share capital of the Company. The Company may at any time refresh such limit, subject to the Shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue at the time.



Details of the options granted under the Share Option Scheme, their movements during the year ended 31 March 2019 and the options outstanding as at 31 March 2019 were as follows:

	Number of the Shares comprised in the options granted					As at 31 March 2019	Exercise period and vesting period	Subscription price per Share HK\$
	As at 1 April 2018	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year			
<b>Name of Directors</b>								
Mr. Yue Kwai Wa Ken	–	30,004,083	–	–	–	30,004,083	Note	0.0904
Mr. Li Sheung Him Michael	–	30,004,083	–	–	–	30,004,083	Note	0.0904
<b>Employee and other eligible participant</b>	–	60,008,166	–	–	–	60,008,166	Note	0.0904
	–	120,016,332	–	–	–	120,016,332		

Note:

The options granted under the Share Option Scheme could be exercised at the exercise price of HK\$0.0904, which was not lower than the highest of (a) the closing price of HK\$0.086 per Share as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant; (b) the average closing price of HK\$0.0904 per Share as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (c) the nominal value of HK\$0.064 per share. The exercise period should commence on the Date of Grant and end on 14 August 2020.

Save as disclosed above, no options were granted or exercised or cancelled or lapsed during the year ended 31 March 2019. As at 31 March 2019, options comprising 120,016,332 Shares, representing approximately 4.44% of the issued Shares, were outstanding under the Share Option Scheme.

For further details, please refer to the announcement of the Company dated 15 August 2018.

## SHARE AWARD PLAN

On 22 June 2018, the Company adopted the Plan in which the Group's employees (whether full time or part time, but exclude directors) will be entitled to participate. For the year ended 31 March 2019, a sum of approximately HK\$26,241,000 has been used to acquire 300,000,000 Shares from the market by the trustee of the Plan. No Shares have been granted to eligible employees under the Plan since adoption of the Plan and up to the date of this report.

The objectives of the Plan are to (i) recognise and reward the contribution of certain employees to the growth and development of the Group through an award of Shares and to give incentive thereto in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group.

The Plan shall be subject to the administration of the Board and the trustee in accordance with the plan rules and the trust deed of the Plan. Subject to any early termination as may be determined by the Board, the Plan shall be valid and effective for a term of 10 years commencing from its adoption date (i.e. 22 June 2018).

The maximum number of Shares to be subscribed for and/or purchased by the trustee by applying the trust fund of the Plan for each calendar year for the purpose of the Plan shall not exceed 10% of the total number of issued Shares as at the beginning of such calendar year. The Directors shall not instruct the trustee to subscribe and/or purchase any Shares for the purpose of the Plan when such subscription and/or purchase will result in the said limit being exceeded. The maximum number of Shares which may be awarded to a selected employee under the Plan shall not exceed 1% of the total number of issued Shares from time to time.

Details of the Plan were set out in the announcements of the Company dated 22 June 2018 and 10 July 2018.

## ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Share Option Scheme” above, at no time during the year ended 31 March 2019 was the Company or any of its subsidiaries, fellow subsidiaries and holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2019, so far as the Directors are aware, the interests or short positions owned by the following persons (other than a Director or the chief executive of the Company) in the Shares or underlying Shares, which were required: (a) to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO; or (b) to be recorded in the register of the Company required to be kept under section 336 of the SFO are as follows:

### Long positions in the Shares and underlying Shares

Name of shareholders	Capacity/nature of interest	Number of issued Shares held	Number of underlying Shares held	Approximate percentage of interest (Note 1)
Fast and Fabulous	Trustee of Plan	300,000,000 (Note 2)	–	11.11%
Aperto Investments Limited (“Aperto”) (Note 3)	Beneficial owner	264,250,000	–	9.79%
Mr. Luk Kee Yan Kelvin (“Mr. Luk”) (Note 3)	Interest of a controlled corporation	264,250,000	–	9.79%

Note 1: The percentage is calculated on the basis of the total number of issued Shares as at 31 March 2019.





Note 2: These 300,000,000 Shares were held by Fast and Fabulous, which was the trustee of the Plan adopted with effect from 22 June 2018. As the entire issued share capital of Fast and Fabulous was legally and beneficially owned by Mr. Yue, Mr. Yue was deemed to be interested in all the Shares in which Fast and Fabulous was interested by virtue of the SFO.

Note 3: The entire issued share capital of Aperto was legally and beneficially owned by Mr. Luk. Mr. Luk was deemed to be interested in all the Shares held by Aperto by virtue of the SFO.

Save as disclosed above and as at 31 March 2019, the Directors are not aware of any interests or short positions owned by any persons (other than a Director or the chief executive of the Company) in the Shares or underlying Shares, which were required: (a) to be notified under Divisions 2 and 3 of Part XV of the SFO; or (b) to be recorded in the register of the Company required to be kept under section 336 of the SFO.

## **DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS**

None of the Directors or a connected entity of a 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 as at 31 March 2019 or during the year ended 31 March 2019.

As at 31 March 2019, no contract of significance (whether for the provision of services to the Group or not) had been entered into between the Company, or any of its subsidiaries or fellow subsidiaries and the controlling shareholder (within the meaning of the GEM Listing Rules) of the Company or any of its subsidiaries.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

During the year ended 31 March 2019 and up to the date of this annual report, 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 business of the Group, or had any other conflict of interest with the Group.

## **PERMITTED INDEMNITY PROVISION**

A permitted indemnity provision (within the meaning of section 469 of the Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2019. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers arising out of corporate activities of the Group.

## **RELATED PARTY TRANSACTIONS**

Details of related party transactions of the Group during the year ended 31 March 2019 are set out in note 37 to the consolidated financial statements of the Group. None of these related party transactions falls under the definition of "a connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules during the year ended 31 March 2019.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors confirm that at least 25% of the issued Shares were held by the public (i.e. the prescribed public float applicable to the Company under the GEM Listing Rules) during the year ended 31 March 2019 and thereafter up to the date of this annual report.

## TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of Shares.

## DONATIONS

During the year ended 31 March 2019, the Group donated approximately HK\$0.02 million for charitable purposes (2018: HK\$0.03 million).

## INDEPENDENT AUDITOR

BDO Limited was appointed by the Directors as the first Independent Auditor. There was no change of Independent Auditor in the past three financial years. The Group's consolidated financial statements for the year ended 31 March 2019 have been audited by BDO Limited. BDO Limited will retire, and being eligible, offer themselves for re-appointment as the Independent Auditor at the forthcoming AGM. A resolution for their re-appointment as Independent Auditor will be proposed at the forthcoming AGM.

By order of the Board

**Yue, Kwai Wa Ken**

*Executive Director, Chief Executive Officer,  
Chairman and Company Secretary*

31 May 2019

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Tel : +852 2218 8288  
Fax: +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

電話 : +852 2218 8288  
傳真 : +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

香港  
干諾道中111號  
永安中心25樓

## TO THE SHAREHOLDERS OF ROMA GROUP LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Roma Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 47 to 131, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

### **Impairment of loans and interest receivable, trade and other receivables and accrued revenue**

Refer to notes 21, 22 and 23 to the consolidated financial statements and the accounting policies in note 4(g)(A)(ii).

The Group had loans and interest receivable, and trade and other receivables and accrued revenue of approximately HK\$343,482,000, HK\$10,138,000, HK\$17,605,000 and HK\$16,370,000 respectively as at 31 March 2019.

The assessment of impairment of loans and interest receivable, trade and other receivables and accrued revenue under the expected loss model is considered to be a key audit matter as it requires the application of judgement and use of subjective assumptions by management. The Group assesses the expected credit losses ("ECLs") according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and customers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards such as criteria for judging significant increases in credit risk, definition of credit-impaired financial asset, parameters for measuring ECLs and forward-looking information.

### **Our response**

Our key procedures in relation to management's judgment and uses of estimates on ECLs assessment of loans and interest receivable, trade and other receivables and accrued revenue included:

- reviewing and assessing the application of the Group's policy for calculating the ECLs;
- evaluating techniques and methodology in the ECLs model with reference to the requirements of HKFRS 9; and
- assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

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### **Impairment of goodwill and intangible assets**

Refer to notes 18 and 19 to the consolidated financial statements and the accounting policies in notes 4(c), 4(f) and 4(m).

As at 31 March 2019, the Group had goodwill and intangible assets amounting to HK\$15,242,000 and HK\$13,476,000, respectively, which were allocated to the cash generating unit, namely "Bonus Boost Group". They are subject to annual impairment testing.

The directors concluded that there was an impairment of the goodwill amounted HK\$10,087,000, based on the recoverable amount of the cash generating unit, determined using a value-in-use calculation, which involved significant judgment and assumptions with respect to the discount rate and future revenue growth as well as the underlying future cash flows. The impairment of goodwill and intangible assets is a key audit matter due to the judgement involved and the significance of potential financial impact to the consolidated financial statements.

#### *Our response*

Our key procedures in relation to the directors' impairment assessment included:

- Assessing the reasonableness of discount rate and growth rates applied in the value-in-use calculation;
- Comparing the actual results for the year with the forecasted results prepared in prior year;
- Challenging the reasonableness of other key assumptions based on our knowledge of the business and industry.

### **OTHER INFORMATION IN THE ANNUAL REPORT**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

### **DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "Audit Committee") assists the directors in discharging their responsibility in this regard.

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **BDO Limited**

*Certified Public Accountants*

### **Alfred Lee**

Practising Certificate Number P04960

Hong Kong, 31 May 2019



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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Revenue	6	70,150	65,140
Other income	8	4,711	2,451
Increase in fair value of investment property	17	462	—
Employee benefit expenses	9	(39,646)	(35,698)
Depreciation and amortisation	10	(5,042)	(4,832)
Finance costs	11	(2,503)	(1,005)
Other expenses		(99,681)	(52,011)
<b>Loss before income tax credit</b>	10	<b>(71,549)</b>	(25,955)
Income tax credit	12	134	407
<b>Loss for the year attributable to owners of the Company</b>		<b>(71,415)</b>	(25,548)
<b>Other comprehensive income</b>			
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)	—
<b>Total comprehensive income for the year</b>		<b>(83,445)</b>	(25,548)
<b>Loss per share</b>			
— Basic	14	(2.62) cents	(1.28) cents
— Diluted	14	(2.62) cents	(1.28) cents

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# ROMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 March 2019

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	Notes	2019 HK\$'000	2018 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	3,883	5,614
Investment property	17	12,500	–
Intangible assets	18	16,212	18,365
Goodwill	19	15,242	25,329
Available-for-sale investments	20	–	25,000
Financial assets at fair value through other comprehensive income	20	13,526	–
Loans and interest receivable	21	166,858	1,728
Deposit paid	23	800	–
Deferred tax assets	29	1,284	1,329
		<b>230,305</b>	<b>77,365</b>
<b>Current assets</b>			
Loans and interest receivable	21	176,624	200,355
Trade receivables	22	10,138	14,659
Prepayments, deposits, other receivables and contract assets	23	37,330	231,839
Pledged bank deposits	24	108,557	106,524
Tax recoverable		2,239	2,541
Cash and bank balances		109,856	204,493
		<b>444,744</b>	<b>760,411</b>
<b>Current liabilities</b>			
Trade payables	25	338	372
Accrued liabilities, other payables, receipt in advance and contract liabilities	26	36,866	23,484
Finance lease liabilities	27	944	1,296
Bank borrowings	28	100,000	100,000
Current tax liabilities		259	449
		<b>138,407</b>	<b>125,601</b>
<b>Net current assets</b>		<b>306,337</b>	<b>634,810</b>
<b>Total assets less current liabilities</b>		<b>536,642</b>	<b>712,175</b>
<b>Non-current liabilities</b>			
Finance lease liabilities	27	640	1,016
Deferred tax liabilities	29	2,300	2,465
		<b>2,940</b>	<b>3,481</b>
<b>Net assets</b>		<b>533,702</b>	<b>708,694</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION ROMA

As At 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	30	<b>172,826</b>	199,994
Reserves	32	<b>360,876</b>	508,700
<b>Total equity</b>		<b>533,702</b>	708,694

On behalf of the board of directors (the "Board")

**Mr. Yue Kwai Wa Ken**  
*Director*

**Mr. Li Sheung Him Michael**  
*Director*

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# ROMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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	Share capital (note 30) HK\$'000	Shares held for the share award plan (the "Plan")* (note 33(b)) HK\$'000	Share premium* (note 32) HK\$'000	Capital reserve* (note 32) HK\$'000	Share option reserve* (note 32) HK\$'000	Revaluation reserve* (note 32) HK\$'000	Retained earnings/ (accumulated losses) (note 32) HK\$'000	Total HK\$'000
<b>Balance at 1 April 2017</b>	79,998	–	272,298	10	422	–	123,757	476,485
Share options lapsed (note 33(a))	–	–	–	–	(422)	–	422	–
Rights issue, net of expenses (note 30(b))	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)
<b>Balance at 31 March 2018 as originally presented</b>	199,994	–	410,059	10	–	–	98,631	708,694
Initial application of HKFRS 9 (note 2(a)A(ii))	–	–	–	–	–	556	(6,520)	(5,964)
Initial application of HKFRS 15 (note 2(a)B)	–	–	–	–	–	–	(23,311)	(23,311)
<b>Restated balance as at 1 April 2018</b>	199,994	–	410,059	10	–	556	68,800	679,419
Shares repurchased and cancelled (note 30(c))	(27,168)	–	(11,626)	–	–	–	–	(38,794)
Recognition of share-based payment (note 33(a))	–	–	–	–	2,763	–	–	2,763
Purchase of shares for the Plan (note 33(b))	–	(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)
<b>Other comprehensive income</b>								
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)
<b>Balance at 31 March 2019</b>	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.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
<b>Cash flows from operating activities</b>			
Loss before income tax credit		(71,549)	(25,955)
Adjustments for:			
Finance costs	11	2,503	1,005
Interest income	8	(3,137)	(1,167)
Depreciation of property, plant and equipment	10	2,889	2,665
Written-off property, plant and equipment	10	–	28
Amortisation of intangible assets	10	2,153	2,167
Impairment loss on loans and interest receivable	10	24,977	5,597
Recovery of impairment loss on loans and interest receivable	10	(118)	(1,631)
Impairment loss on trade and other receivables	10	37,277	21,757
Recovery of impairment loss on trade and other receivables	10	(412)	(264)
Impairment loss on goodwill	10	10,087	–
Increase in fair value of investment property	17	(462)	–
Share-based payment compensation	33(a)	2,763	–
<b>Operating profit before working capital changes</b>		6,971	4,202
(Increase)/decrease in loans and interest receivable		(166,661)	106,795
Increase in trade receivables		(3,345)	(196)
Decrease/(increase) in prepayments, deposits, other receivables and contract assets		136,229	(158,430)
(Decrease)/increase in trade payables		(34)	65
(Decrease)/increase in accrued liabilities, other payables, receipt in advance and contract liabilities		(6,765)	7,885
<b>Cash used in operations</b>		(33,605)	(39,679)
Hong Kong Profits Tax refunded/(paid)		126	(1,761)
<b>Net cash used in operating activities</b>		(33,479)	(41,440)
<b>Cash flows from investing activities</b>			
Deposits refunded/(paid) for investments		19,200	(20,000)
Interest received		3,137	1,167
Purchase of property, plant and equipment		(1,158)	(3,370)
Increase in pledged bank deposits		(2,033)	(52,462)
Purchase of an investment property		(12,038)	–
<b>Net cash generated from/(used in) investing activities</b>		7,108	(74,665)

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# **ROMA CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
<b>Cash flows from financing activities</b>			
Proceeds from rights issue, net of expenses	30(b)	–	257,757
Proceeds from bank borrowings		–	50,000
Repayments of bank borrowings		–	(1,898)
Repayments of finance lease liabilities		(728)	(1,547)
Interest paid		(2,503)	(1,005)
Purchase of shares for the Plan	33(b)	(26,241)	–
Shares repurchase	30(c)	(38,794)	–
<b>Net cash (used in)/generated from financing activities</b>		<b>(68,266)</b>	303,307
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(94,637)</b>	187,202
<b>Cash and cash equivalents at the beginning of year</b>		<b>204,493</b>	17,291
<b>Cash and cash equivalents at the end of year</b>		<b>109,856</b>	204,493
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances		109,856	204,493

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## 1. GENERAL

Roma Group Limited (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 Company and its subsidiaries as mentioned in note 34 are collectively referred to as the “Group”.

The shares of the Company have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of placing on 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.

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(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)):

	HK\$'000
<i>Retained earnings</i>	
Retained earnings as at 31 March 2018	98,631
Increase in expected credit losses ("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 interest receivable (note 2(a)A(ii) (II) below)	(403)
<u>Restated retained earnings as at 1 April 2018</u>	<u>92,111</u>
<i>Revaluation reserve</i>	
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
<u>Restated reserve balance as at 1 April 2018</u>	<u>556</u>

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, 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 adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.



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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 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.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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The following accounting policies would be applied to the Group's financial assets as follows:

Financial assets at amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
Financial assets at FVOCI (equity instruments)	Equity investments at FVOCI are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

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 interest 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



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- (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.

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## *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.

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## 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 ECL 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 loss allowance as at 1 April 2018 was determined as follows for trade receivables and contract assets as follows:

	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000
1 April 2018			
Current (not past due)	–	1,791	–
1–30 days past due	2.8%	4,747	131
31–60 days past due	4.4%	1,906	83
61–90 days past due	9.5%	401	38
91–180 days past due	29.6%	1,984	587
181–360 days past due	62.0%	2,020	1,252
More than 360 days past due	100.0%	18,272	18,272
		31,121	20,363

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 increase in loss allowance for loans and interest receivables and other receivables upon the transition to HKFRS 9 as of 1 April 2018 was HK\$403,000 and HK\$425,000.

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

	HK\$'000
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
<b>Loss allowance as a 1 April 2018 under HKFRS 9</b>	<b>65,024</b>

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) 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.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

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**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)):

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

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.

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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.

Interest income from financing services: Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate. Interest income is out of scope of HKFRS 15 and under HKFRS 9. Therefore, there is no impact of the adoption of HKFRS 15.

b. Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance.

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the completion date of legal assignment.

c. 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.

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- d. Disclosure of the estimated impact on the amounts reported in respect of the year ended 30 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

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

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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:

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

## C Others

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

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1 “First-time Adoption of Hong Kong Financial Reporting Standards” removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of these amendments has no impact on these financial statements as the periods to which the transition provision exemptions related have passed.

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

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28 “Investments in Associates and Joint Ventures” clarifying that a venture capital organisation’s permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

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

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

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

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

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

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

The adoption of these amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously assessed transfers.

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

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of these amendments has no impact on these financial statements as the Group has not paid or received advance consideration in a foreign currency.

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>3</sup> Effective for transactions that occur on or after 1 January 2020

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>5</sup> 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.

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## *HKFRS 16 — Leases*

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 than 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 (see note 36). 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.

## *HKFRS 17 — Insurance Contracts*

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

## *HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments*

The Interpretation supports the requirements of HKAS 12 “Income Taxes” by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

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### *Amendments to HKFRS 3 — Definition of a Business*

The amendments improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business.

### *Amendments to HKFRS 9 — Prepayment Features with Negative Compensation*

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

### *Amendments to HKAS 19 — Plan Amendment, Curtailment or Settlement*

The amendments clarify that (a) on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period; and (b) the effect of the asset ceiling cost is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

### *Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

### *Amendments to HKAS 1 and HKAS 8 — Definition of Material*

The amendments clarify the definition of material to make it easier for entities to make materiality judgements. The definition of material, an important accounting concept in HKFRS Standards, helps entities decide whether information should be included in their financial statements.

### *Amendments to HKAS 28*

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

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## *Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 3, Business Combinations*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

## *Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 11, Joint Arrangements*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

## *Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 12, Income Taxes*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

## *Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 23, Borrowing Costs*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

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.

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## 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 as explained in the accounting policies set out below.

### (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. SIGNIFICANT ACCOUNTING POLICIES

### (a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

## **(b) Subsidiaries**

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

## **(c) Goodwill**

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

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## (d) Foreign currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the group entity operates (i.e. the “functional currency”).

In the individual financial statements of the group entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation of monetary assets and liabilities at the end of reporting period are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

## (e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working conditions and location for its intended use.

Depreciation is provided to write off the assets’ cost less their residual value over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of the lease terms and 33%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

The assets’ estimated residual values, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at the end of reporting period.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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



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## (f) Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives as follows:

Customer relationship	6 years
Database	20 years
Accounting and management and valuation softwares	5–8 years

The amortisation expense is recognised in profit or loss and included in “depreciation and amortisation” in the consolidated statement of comprehensive income.

Amortisation commences when the intangible assets are available for use. Intangible assets with finite useful lives are tested for impairment as described below in note 4(m).

## (g) A Financial instruments (accounting policies applied from 1 April 2018)

### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

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FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

#### Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

#### (ii) *Impairment loss on financial assets*

The Group recognises loss allowances for ECLs on trade receivables, contract assets and financial assets measured at amortised cost. The ECLs 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. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. 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. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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 analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

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Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

#### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVFPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, accrued liabilities, finance lease liabilities and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### (iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### (v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### (vi) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

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## (g) B Financial instruments (accounting policies applied until 31 March 2018)

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the Group's previous accounting policy.

### (i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

#### Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

#### Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

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(ii) *Impairment loss on financial assets*

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

For available-for-sale financial assets

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade and other payables, accrued liabilities, finance lease liabilities and borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

**(h) Investment property**

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

**(i) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

*The Group as lessor*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

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#### *The Group as lessee*

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

#### **(j) Provisions and contingent liabilities**

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

All provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

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

#### **(k) Share capital**

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

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## (I) Revenue recognition

### A Revenue recognition (accounting policies applied from 1 April 2018)

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception./ Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

#### (i) Service fee income from provision of valuation and advisory services

The Group provides valuation and advisory services. The service fee income is recognised at a point in time when the valuation and advisory service is completed. Invoices are usually due on presentation.

#### (ii) Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

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(iii) Rental income

Rental income under operating leases is recognised in accordance with note 4(i).

(iv) Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract asset is recognised when the Group completes the valuation and advisory services under such services contracts but yet billed customers. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

**B Revenue recognition (accounting policies applied until 31 March 2018)**

(i) Service income is recognised upon provision of the services, by reference to the percentage-of-completion of services performed to date to the total services to be performed. Service income received in advance is included in the consolidated statement of financial position as "receipt in advance". Service income recognised but unbilled is included in the consolidated statement of financial position as "accrued revenue".

(ii) Interest income is recognised on a time-proportion basis using the effective interest method.

**(m) Impairment of non-financial assets**

Property, plant and equipment, intangible assets and investments in subsidiaries are subject to impairment testing. Property, plant and equipment, intangible assets with finite useful lives and investments in subsidiaries are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

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Impairment loss recognised for CGUs is charged pro rata to the assets in the CGUs, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value-in-use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Value in use is based on the estimated future cash flows expected to be derived from the asset or CGU (see note 4(c)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

## **(n) Employee benefits**

### *(i) Retirement benefits*

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme"), for all of its employees who are eligible to participate in the MPF Scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligation under these plans is limited to the fixed percentage contributions payable.

### *(ii) Short-term employee benefits*

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

### *(iii) Termination benefits*

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

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### (iv) *Equity-settled share-based payment transactions*

The Group operates the Plan, under which the entity receives services from employees as consideration for equity instruments of the Group and the share awards were granted under the Plan to employees as part of their compensation package.

The amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the award shares granted, taking into account all non-vesting conditions associated with the grants. The total expense is recognised over the relevant vesting periods (or on the grant date if the shares vest immediately), with a corresponding credit to an employee share-based compensation reserve under equity.

Upon vesting and transfer to the awardees, the related costs of the shares are credited to shares held for share award scheme, and the related fair value of the shares are debited to employee share-based compensation reserve. The difference between the cost and the fair value of the shares is credited to share premium if the fair value is higher than the cost or debited against retained earnings if the fair value is less than the cost.

### (o) **Share-based payments**

The Group operates two equity-settled, share-based compensation schemes including a share option scheme and the Plan. For information in relation to the Plan, please refer to note 4(n)(iv) and note 33(b) to the consolidated financial statements.

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity as share option reserve is recognised. For cash-settled share-based payments, a liability is recognised at the fair value of the goods or services received.

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## (p) Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

## (q) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## (r) Structured entity

The Group controls a structured entity, the trust constituted by the trust deed, which is set up solely for the purpose of purchasing, administering and holding the Company's shares for an employees' share award scheme (see note 4(n)(iv)). As the Group has the power to direct the relevant activities of the trust and it has the ability to use its power over the trust to affect its exposure to returns, the assets and liabilities of trust are included in the consolidated statement of financial position and the Company's shares held by the trust are presented as a deduction in equity as shares held for share award scheme.

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## (s) Related parties

A party is considered to be related to the Group if:

- (a) The party is a person or a close member of that person's family and that person,
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Company's parent;
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third party and the other party is an associate of the third party;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

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## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainties that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

### Impairment of financial assets

Management estimates the amount of loss allowance for ECLs on financial assets at amortised cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instruments. The assessment of the credit risk of the respective financial instruments involves high degrees of estimation and uncertainty about future economic conditions which have an adverse effect on debtors' business, debtors' creditworthiness, the payment delinquency or default in interest or principal payments. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGUs to which goodwill has been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

### Impairment of intangible assets

Determining whether the intangible assets are impaired requires an estimation of the value-in-use of the CGUs. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

### Useful lives of identifiable intangible assets acquired through business combination

The Group estimated the useful lives of intangible assets in order to determine the amount of amortisation expenses to be recorded. The useful lives are estimated at the time the assets are acquired based on the expected usage as well as the current market conditions. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

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## Fair value measurement

The Group measures investment property and equity investments at FVOCI at fair value. Significant estimation and judgement are required to determine the fair value.

The fair value measurement utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

For more information in relation to the fair value measurement of the investment property and equity investments at FVOCI, please refer to note 17 and note 20 to the consolidated financial statements.

## 6. 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 HK\$'000	2018 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Services fee income from provision of valuation and advisory services	47,389	45,870
Revenue from other sources:		
Interest income from provision of financing services	22,761	19,270
	<b>70,150</b>	65,140

## 7. SEGMENT INFORMATION

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

- Valuation and advisory services;
- Financing services; and
- All other segments.

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## (a) Business segments

For the year ended 31 March 2019

	Valuation and advisory services HK\$'000	Financing services HK\$'000	All other segments HK\$'000	Total HK\$'000
Segment revenue (note (i))	47,389	22,761	–	70,150
Segment results (note (ii))	(18,222)	(38,787)	(1,788)	(58,797)
<b>Other segment information</b>				
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 (note (i))	45,870	19,270	–	65,140
Segment results (note (ii))	(21,333)	7,682	(561)	(14,212)
<b>Other segment information</b>				
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 receivables	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)

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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 same as the Group's accounting policies described in note 4. 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 HK\$'000	2018 HK\$'000
<b>Loss before income tax credit</b>		
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)
<b>Consolidated loss before income tax expense credit</b>	<b>(71,549)</b>	<b>(25,955)</b>
<b>Assets</b>		
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 fair value through other comprehensive income	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
<b>Consolidated total assets</b>	<b>675,049</b>	<b>837,776</b>
<b>Liabilities</b>		
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)
<b>Consolidated total liabilities</b>	<b>(141,347)</b>	<b>(129,082)</b>

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## (c) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by timing over revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

For the year ended 31 March 2019

	Valuation and advisory services HK\$'000	Financing services HK\$'000	All other segments HK\$'000	Total HK\$'000
<b>Timing of revenue recognition under HKFRS 15</b>				
— At a point in time	47,389	—	—	47,389

## (d) 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.

## (e) 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.

## 8. OTHER INCOME

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

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## 9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2019 HK\$'000	2018 HK\$'000
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
	<b>39,646</b>	<b>35,698</b>

## 10. LOSS BEFORE INCOME TAX CREDIT

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

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## 11. FINANCE COSTS

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

## 12. 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 HK\$'000	2018 HK\$'000
Current tax — Hong Kong Profits Tax		
Tax for the year	—	1,312
Over-provision in respect of prior year	(14)	(137)
	<b>(14)</b>	<b>1,175</b>
Deferred tax (note 29)		
Credit for the year	(120)	(1,582)
	<b>(134)</b>	<b>(407)</b>

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

Deferred tax asset of HK\$1,281,000 (2018: HK\$1,281,000) is recognised for tax losses carried forward to 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.

## 13. DIVIDEND

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

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## 14. LOSS PER SHARE

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

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

Notes:

- Weighted average of 1,989,120,000 ordinary shares for the year ended 31 March 2018 are derived from 4,999,853,300 ordinary shares in issue at 1 April 2017 after taking into account the effects of the share consolidation being completed on 19 October 2017 (note 30(a)) and the rights issue of 1,874,944,986 rights shares being completed on 17 November 2017 (note 30(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 30(c)) and shares held for the Plan (note 33(b)).
- 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 are higher than the average market price for shares for both years.

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## 15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' emoluments

Directors' emoluments disclosed pursuant to the GEM Listing Rules and disclosure requirements of the Hong Kong Companies Ordinance are as follows:

	Fees HK\$'000	Salaries, allowance and other benefits HK\$'000	Contributions to defined contribution retirement plans HK\$'000	Share-based payment — equity settled HK\$'000	Total HK\$'000
<b>Year ended 31 March 2019</b>					
<i>Executive directors</i>					
Mr. Yue Kwai Wa Ken	—	3,122	18	691	3,831
Ms. Chan Hong Nei Connie	—	245	3	—	248
Dr. Li Sheung Him, Michael	—	1,584	18	691	2,293
	—	4,951	39	1,382	6,372
<i>Independent non-executive directors</i>					
Mr. Ko Wai Lun Warren	120	—	—	—	120
Mr. Man Wai Lun	7	—	—	—	7
Mr. Wong Tat Keung	120	—	—	—	120
Mr. Choi Wai Tong Winton	60	—	—	—	60
Ms. Li Tak Yin	120	—	—	—	120
	427	—	—	—	427
	427	4,951	39	1,382	6,799
<b>Year ended 31 March 2018</b>					
<i>Executive directors</i>					
Mr. Luk Kee Yan Kelvin	—	274	2	—	276
Mr. Yue Kwai Wa Ken	—	2,804	18	—	2,822
Ms. Chan Hong Nei Connie	—	2,000	18	—	2,018
Dr. Cheung Wai Bun Charles, J.P.	326	—	—	—	326
	326	5,078	38	—	5,442
<i>Non-executive directors</i>					
Mr. Yim Wai Ning	130	—	—	—	130
Mr. Ng Man Kung	76	—	—	—	76
Mr. So Wing On	76	—	—	—	76
Dr. Lam Lee G.	58	—	—	—	58
	340	—	—	—	340
<i>Independent non-executive directors</i>					
Mr. Ko Wai Lun Warren	120	—	—	—	120
Mr. Lou Ming	25	—	—	—	25
Mr. Wong Tat Keung	120	—	—	—	120
Mr. Choi Wai Tong Winton	95	—	—	—	95
Ms. Li Tak Yin	66	—	—	—	66
	426	—	—	—	426
	1,092	5,078	38	—	6,208

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Mr. Luk Kee Yan Kelvin resigned as an executive director on 20 April 2017.

Ms. Chan Hong Nei Connie was appointed as an executive director on 20 April 2017 and resigned on 31 May 2018 with effect from 1 June 2018 and Mr. Li Sheung Him Michael was appointed as an executive director on 31 May 2018.

Dr. Cheung Wai Bun Charles, J.P. and Mr. Yim Wai Ning were appointed as an executive director and a non-executive director, respectively, on 2 June 2017 and resigned with effect from 18 December 2017.

Mr. Lou Ming resigned as an independent non-executive director on 16 June 2017 and Mr. Choi Wai Tong Winton was appointed as an independent non-executive director on 16 June 2017 and resigned on 27 September 2018.

Mr. Ng Man Kung and Mr. So Wing On were appointed as non-executive directors on 24 August 2017 and resigned with effect from 18 December 2017.

Dr. Lam Lee G. was appointed as a non-executive director on 13 September 2017 and resigned with effect from 11 December 2017.

Ms. Li Tak Yin and Mr. Man Wai Lun were appointed as independent non-executive directors on 13 September 2017 and 12 March 2019 respectively.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 March 2019 and 31 March 2018.

## (b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2018: two) were directors of the Company whose emoluments are included in the disclosures in note 15(a) above. The emoluments of the remaining three (2018: three) individuals were as follows:

	2019 HK\$'000	2018 HK\$'000
Salaries, allowances and other benefits	5,728	5,201
Contributions on defined contribution retirement plans	48	54
Share-based payment-equity settled	691	—
	<b>6,467</b>	<b>5,255</b>

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The remuneration paid to each of the above non-director highest paid individuals fell within the following bands:

	Number of individuals	
	2019	2018
HK\$1,000,001 to HK\$2,000,000	2	2
HK\$2,000,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$4,000,000	1	–

During the year, no emolument was paid by the Group to the directors and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2018: nil).

## 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>				
At 1 April 2017	2,302	1,187	7,863	11,352
Additions	3,318	52	–	3,370
Written-off	(2,302)	(103)	–	(2,405)
At 31 March 2018 and 1 April 2018	3,318	1,136	7,863	12,317
Additions	89	260	809	1,158
Written-off	–	–	(708)	(708)
<b>At 31 March 2019</b>	<b>3,407</b>	<b>1,396</b>	<b>7,964</b>	<b>12,767</b>
<b>Accumulated depreciation</b>				
At 1 April 2017	2,297	766	3,352	6,415
Depreciation	926	167	1,572	2,665
Written-off	(2,302)	(75)	–	(2,377)
At 31 March 2018 and 1 April 2018	921	858	4,924	6,703
Depreciation	1,176	157	1,556	2,889
Written-off	–	–	(708)	(708)
<b>At 31 March 2019</b>	<b>2,097</b>	<b>1,015</b>	<b>5,772</b>	<b>8,884</b>
<b>Net book value</b>				
<b>At 31 March 2019</b>	<b>1,310</b>	<b>381</b>	<b>2,192</b>	<b>3,883</b>
At 31 March 2018	2,397	278	2,939	5,614

The Group's motor vehicles are acquired under finance leases.

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## 17. INVESTMENT PROPERTY

	2019 HK\$'000	2018 HK\$'000
At beginning of the year	—	—
Addition	12,038	—
Increase in fair value of investment property	462	—
At end of the year	12,500	—

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.

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## 18. INTANGIBLE ASSETS

	Customer relationship HK\$'000	Database HK\$'000	Accounting and management software HK\$'000	Valuation software HK\$'000	Total HK\$'000
<b>At 31 March 2018, 1 April 2018 and 31 March 2019</b>	<b>4,200</b>	<b>15,400</b>	<b>118</b>	<b>6,059</b>	<b>25,777</b>
<b>Amortisation</b>					
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
<b>At 31 March 2019</b>	<b>2,916</b>	<b>3,208</b>	<b>87</b>	<b>3,354</b>	<b>9,565</b>
<b>Net book value</b>					
<b>At 31 March 2019</b>	<b>1,284</b>	<b>12,192</b>	<b>31</b>	<b>2,705</b>	<b>16,212</b>
At 31 March 2018	1,984	12,962	51	3,368	18,365

## 19. GOODWILL

	HK\$'000
At 1 April 2017, 31 March 2018 and 1 April 2018	25,329
Impairment	(10,087)
At 31 March 2019	15,242

The goodwill was acquired through business combination during the year ended 31 March 2015 and it is solely allocated to 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.

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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 flow 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 reflect 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 approximately HK\$10,087,000 was provided.

## 20. FINANCIAL ASSETS AT FVOCI/AVAILABLE-FOR-SALE INVESTMENTS

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

The balance represented the Group's strategic investments of a 19.9% equity interest in Greater China Appraisal Limited. 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 reporting period because it does not have quoted market price in an active market and the directors are of the opinion that its fair value cannot 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.

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## 21. LOANS AND INTEREST RECEIVABLE

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

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 interest at contract rates ranging approximately 8%–48% per annum (2018: approximately 8%–36% per annum).

The directors of the Company consider that the fair values of loans and interest receivable are not materially different from their carrying amounts.

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

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

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

	2019 HK\$'000	2018 HK\$'000
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
	<b>343,482</b>	<b>202,083</b>

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

	2018 HK\$'000
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
	<b>202,083</b>

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 of the Company 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.

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

	2019 HK\$'000	2018 HK\$'000
At 1 April under HKAS 39	28,056	24,090
Impact of initial application of HKFRS 9	403	–
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)
At 31 March	53,017	28,056

The Group recognises impairment loss based on the accounting policy stated in note 4(g). Further details on the Group's credit policy and credit risk arising from loans and interest receivable as at 1 April 2018 and 31 March 2019 are set out in note 38.

## 22. TRADE RECEIVABLES

The Group generally grants credit terms of 0–30 days (2018: 0 to 90 days) to the customers. The ageing analysis of trade receivables (net of impairment loss) based on invoice date at the end of reporting period is as follows:

	2019 HK\$'000	2018 HK\$'000
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
	10,138	14,659

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

	2018 HK\$'000
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	3,601
	<b>14,659</b>

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

The Group recognises impairment loss based on the accounting policy stated in note 4(g). Further details on the Group's credit policy and credit risk arising from trade receivable as at 1 April 2018 and 31 March 2019 are set out in note 38.

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## 23. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND CONTRACT ASSETS

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

Notes:

(a) Included in the balances were accrued interest 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 statement of the financial position.

	31 March 2019 HK\$'000	1 April 2018 (Note) HK\$'000	31 March 2018 (Note) HK\$'000
Contract assets in relation to:			
— Contracts for valuation and advisory services	94	1,791	—
	94	1,791	—

Note: The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance 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.

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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 HK\$'000
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	9,019
	<b>230,734</b>

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

The Group recognises impairment loss based on the accounting policy stated in note 4(g). Further details on the Group's credit policy and credit risk arising from deposits, other receivables and contract assets as at 1 April 2018 and 31 March 2019 are set out in note 38.

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## 24. PLEDGED BANK DEPOSITS

Pledged bank deposits represented cash at bank held by a subsidiary pledged for bank borrowings (2018: bank borrowings) (note 28).

## 25. 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 reporting period is as follows:

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

## 26. ACCRUED LIABILITIES, OTHER PAYABLES, RECEIPT IN ADVANCE AND CONTRACT LIABILITIES

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

Note:

### (a) Contract liabilities

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

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

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## Movements in contract liabilities

	2019 HK\$'000
Balance 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	32,964
Balance at 31 March	32,964

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.

## 27. 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 HK\$'000	Interest HK\$'000	Present value HK\$'000
Not later than one year	985	(41)	944
Later than one year and not later than five years	668	(28)	640
	1,653	(69)	1,584

  

	2018		
	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
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
	2,386	(74)	2,312

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The present value of future lease payments are analysed as:

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

## 28. BANK BORROWINGS

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

Note: 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 the bank. Interest is charged at Hong Kong Inter-bank Offered Rate ("HIBOR") +1% (2018: HIBOR+1%) per annum.

The above banking facilities of the loans are subject to the fulfillment of covenants relating to minimum requirement of pledged bank deposits and compliance of 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 to repay 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. Further details of the Group's management of liquidity risk are set out in note 38(d). As at 31 March 2019, none of the covenants relating to drawn down facilities had been breached.

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## 29. DEFERRED TAX

The movement on deferred tax assets and liabilities during the year is as follows:

	<b>Tax loss</b> HK\$'000	<b>Fair value adjustments arising from business combination</b> HK\$'000	<b>Accelerated tax depreciation</b> HK\$'000	<b>Revaluation of investment property</b> HK\$'000	<b>Total</b> HK\$'000
At 1 April 2017	–	2,708	10	–	2,718
Credit to profit or loss for the year	(1,281)	(243)	(58)	–	(1,582)
At 31 March 2018 and 1 April 2018	(1,281)	2,465	(48)	–	1,136
Credit to profit or loss for the year	–	(241)	45	76	(120)
<b>At 31 March 2019</b>	<b>(1,281)</b>	<b>2,224</b>	<b>(3)</b>	<b>76</b>	<b>(1,016)</b>

The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>2019</b> HK\$'000	<b>2018</b> HK\$'000
Deferred tax assets	<b>1,284</b>	1,329
Deferred tax liabilities	<b>(2,300)</b>	(2,465)
	<b>(1,016)</b>	(1,136)

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## 30. SHARE CAPITAL

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

Notes:

- Pursuant to the share consolidation being 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 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.
- Pursuant to the rights issue being 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.
- 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.

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## 31. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	<b>Bank borrowings (note 28) HK\$'000</b>	<b>Finance lease liabilities (note 27) HK\$'000</b>	<b>Total HK\$'000</b>
At 1 April 2017	51,898	3,859	55,757
Changes from cash flows:			
Proceeds from bank borrowings	50,000	–	50,000
Repayment of bank borrowings	(1,898)	–	(1,898)
Repayments of finance lease liabilities	–	(1,547)	(1,547)
At 31 March 2017 and 1 April 2018	100,000	2,312	102,312
Changes from cash flows:			
Repayments of finance lease liabilities	–	(728)	(728)
At 31 March 2019	100,000	1,584	101,584

## 32. RESERVES

### THE GROUP

#### Share premium

Amount subscribed for share capital in excess of nominal value.

#### Capital reserve

Capital reserve represents the difference between the nominal value of shares issued and the nominal value of the share capital of the subsidiaries acquired as part of a group reorganisation which resulted in existing group structure.

#### Share option reserve

Cumulative expenses recognised on the granting of share options to the employees over the vesting period.

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## Revaluation reserve

Revaluation reserve represents fair value reserve comprising the cumulative net change in the fair value of equity investments designed at FVOCI under HKFRS 9 that are held at the end of the reporting period.

## Retained earnings/accumulated losses

Retained earnings and accumulated losses represent the cumulative gain and losses recognised respectively.

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	Share held for the Plan HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>At 31 March 2018 and 1 April 2018</b>	–	272,298	422	18,645	291,365
Share options lapsed (note 33(a))	–	–	(422)	422	–
Rights issue, net of expenses (note 30(b))	–	137,761	–	–	137,761
Transactions with owners	–	137,761	(422)	422	137,761
Loss and total comprehensive income for the year	–	–	–	(3,383)	(3,383)
<b>At 31 March 2018 and 1 April 2018</b>	–	410,059	–	15,684	425,743
Share repurchased and cancelled (note 30(c))	–	(11,626)	–	–	(11,626)
Recognition of share-based payment (note 33(a))	–	–	2,763	–	2,763
Purchase of shares for the Plan (note 33(b))	(26,241)	–	–	–	(26,241)
Transactions with owners	(26,241)	(11,626)	2,763	–	(35,104)
Loss and total comprehensive income for the year	–	–	–	(4,334)	(4,334)
<b>At 31 March 2019</b>	(26,241)	398,433	2,763	11,350	386,305

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## 33. SHARE-BASED PAYMENTS

The Company operates a share option scheme and the Plan providing incentives or rewards to eligible persons of the Group for their contribution to the Group, including a share option scheme (the “Share Option Scheme”) and the Plan. Details of the share option scheme and the Plan are summarised below.

### (a) Share Option Scheme

The Share Option Scheme was approved by the shareholder of the Company on 26 September 2011 for providing incentives or rewards to eligible persons of the Group for their contribution to the Group. The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the shares of the Company which may be issued pursuant to the exercise of options grant under the Share Option Scheme.

The Share Option Scheme will be valid and effective for a period of 10 years commencing on the Listing Date.

The total number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and other share option schemes must not, in aggregate, exceed 10% of the shares of the Company in issue as at the Listing Date (the “Scheme Mandate Limit”) provided that options lapsed in accordance with the terms of the Share Option Scheme or other share option schemes will not be counted for the purpose of calculating the Scheme Mandate Limit. As at 31 March 2019, the total number of shares in respect of which options may be granted under the Share Option Scheme of the Company shall not exceed 300,040,831 ordinary shares, being 10% of the total number of ordinary shares in issue as at 27 September 2018 (the date of annual general meeting passing of an ordinary resolution by the shareholders of the Company to approve the refreshment of the scheme mandate limit).

Eligible persons under the Share Option Scheme include employees and other members of the Group, including any executive, non-executive and independent non-executive directors, advisors and consultants of the Group.

The offer of a grant of share options under the Share Option Scheme may be accepted within a period of 28 days from the date of which the option is granted, upon payment of a nominal consideration of HK\$1 by the grantee.

The subscription price for the shares subject to the options will be a price determined by the board of directors and shall be the highest of (i) the closing price of the shares as stated on the Stock Exchange’s daily quotations sheet on the date of grant of the options, which must be a trading date; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the 5 trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a share.

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Subject to the following vesting periods, 2,266,000 share options granted under the Share Option Scheme may be exercised at any time after the price of the share of the Company as stated in the Stock Exchange's daily quotations sheet reaches 2 times or above the exercise price, i.e. HK\$0.441, from 25 April 2013 to 24 April 2023 ("Batch 1 Share Options") while the remaining 20,396,000 share options granted under the Share Option Scheme may be exercised at any time on the condition that (i) the price of the share of the Company as stated in the Stock Exchange's daily quotations sheet reaches 2.5 times or above the exercise price, i.e. HK\$0.441; and (ii) the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet have increased for 7 consecutive days during the period commencing on 25 April 2013 and ending on the day falling on the fourth anniversary of the date of grant ("Batch 2 Share Options") (adjusted to take into account the effects of share subdivision on 6 March 2014, bonus issue on 23 May 2014, share consolidation on 25 November 2014 and the rights issue of 3,183,112,500 rights shares on 30 December 2014):

Vesting date of the options	Percentage of options vested
The first anniversary of the date of grant	30% of the total number of options granted ("Lot a")
The second anniversary of the date of grant	30% of the total number of options granted ("Lot b")
The third anniversary of the date of grant	40% of the total number of options granted ("Lot c")

Options comprising 120,016,332 shares were granted ("Batch 3 Share Options") under the Share Option Scheme on 15 August 2018 ("Date of Grant"). All of share options were fully vested on the Date of Grant. Details of Share Option Scheme are set out in the section headed "Share Option Scheme" in this annual report.

Grantee	Number of share options				As at 31 March 2019
	As at 1 April 2018	Granted during the year	Lapsed during the year	Exercised during the year	
<b>Directors</b>					
<b>Executive directors</b>					
— Mr. Yue Kwai Wa Ken	–	30,004,083	–	–	30,004,083
— Mr. Li Sheung Him Michael	–	30,004,083	–	–	30,004,083
<b>Subtotal</b>	–	60,008,166	–	–	60,008,166
<b>Employee and eligible participant</b>	–	60,008,166	–	–	60,008,166
<b>Subtotal</b>	–	60,008,166	–	–	60,008,166
<b>Total</b>	–	120,016,332	–	–	120,016,332
<b>Weighted average exercise price (HK\$)</b>	N/A	0.090	N/A	N/A	0.090

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Grantee	As at 1 April 2017	Number of share options			As at 31 March 2018
		Granted during the year	Lapsed during the year	Exercised during the year	
Employees					
In aggregate	7,705,250	–	(7,705,250)	–	–
Weighted average exercise price (HK\$)	0.441*	N/A	0.441*	N/A	N/A

\* At the date of grant, the exercise price of the share options was HK\$1. The exercise price was adjusted to HK\$0.441 following the share subdivision on 6 March 2014, the bonus issue on 23 May 2014, the share consolidation on 25 November 2014 and the rights issue of 3,183,112,500 rights shares on 30 December 2014.

As at 31 March 2019, the number of and weighted average exercise price of share options exercisable at the end of the reporting period are 120,016,332 and HK\$0.090 respectively, the weighted average remaining contractual life for 120,016,332 share options outstanding at the end of reporting period is 1.38 years. 7,705,250 share options were lapsed as at 31 March 2018.

During the year ended 31 March 2019, the Group recognised share-based payment compensation of approximately HK\$2,763,000 which is the fair value of the Batch 3 Share Options as at the date of grant, i.e. 15 August 2018 (2018: nil).

The fair values of Batch 1 Share Options and Batch 2 Share Options granted were estimated as at the dates of grant, using Monte Carlo Simulation model, taking into account certain market based terms and conditions which the share options were granted. A Monte Carlo Simulation model is a valuation model that relies on random sampling and is often used when modeling systems with a large number of inputs and where there is significant uncertainty in the future value of inputs and where the movement of the inputs can be independent of each other. The fair value of Batch 3 Share Options was estimated as at the Date of Grant, using the Binomial Option Pricing Model. The following key inputs were used in the valuation:

	Batch 1 Share Options	Batch 2 Share Options			Batch 3 Share Options
		Lot a	Lot b	Lot c	
Risk-free rate	0.881%	0.231%	0.231%	0.231%	1.76%
Contractual life	10 years	4 years	4 years	4 years	2 years
Expected volatility	53.94%	55.46%	55.46%	55.46%	73.95%
Dividend yield	0%	0%	0%	0%	0%
Number of options	1,000,000	2,700,000	2,700,000	3,600,000	120,016,332

As at 31 March 2019, the Group had 120,016,332 share options outstanding under the Share Option Scheme (2018: nil). The exercise in full of the outstanding share options would result in the issue of 120,016,332 additional shares of the Company.

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## (b) Share award

On 22 June 2018, the Company adopted the Plan in which the Group's employees (whether full time or part time, but exclude directors) will be entitled to participate.

For the year ended 31 March 2019, a sum of approximately HK\$26,241,000 has been used to acquire 300,000,000 shares from the market by the trustee of the Plan. No shares have been granted to eligible employees under the Plan for the year ended 31 March 2019.

The Plan shall be subject to the administration of the Board and the trustee in accordance with the plan rules and the trust deed of the Plan. Subject to any early termination as may be determined by the Board, the Plan shall be valid and effective for a term of 10 years commencing on its adoption date (i.e. 22 June 2018).

The maximum number of shares to be subscribed for and/or purchased by the trustee by applying the trust fund of the Plan for each calendar year for the purpose of the Plan shall not exceed 10% of the total number of issued shares as at the beginning of such calendar year. The directors of the Company shall not instruct the trustee to subscribe and/or purchase any shares for the purpose of the Plan when such subscription and/or purchase will result in the said limit being exceeded. The maximum number of shares which may be awarded to a selected employee under the Plan shall not exceed 1% of the total number of issued shares from time to time.

Details are set out in the section headed "Share Award Plan" in this annual report and the announcements of the Company dated 22 June 2018 and 10 July 2018.

## 34. INTERESTS IN SUBSIDIARIES AND CONTROLLED STRUCTURED ENTITY

(a) Details of the subsidiaries at the end of reporting period are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
United Brilliant Limited	BVI/Hong Kong	10,000 shares of US Dollar ("US\$") 1 each	100%	–	Investment holding
Chariot Success Limited	BVI/Hong Kong	10 shares of US\$1 each	–	100%	Investment holding
Gertino Limited	BVI/Hong Kong	10 shares of nil par value	–	100%	Investment holding
Roma Appraisals Limited	Hong Kong	HK\$10,000	–	100%	Provision of valuation and consultancy services
Roma Oil and Mining Associates Limited	Hong Kong	HK\$100	–	100%	Provision of natural resources valuation and technical advisory services



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Name	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
M Success Finance Limited	Hong Kong	HK\$1	–	100%	Provision of financing services
Excellent Success Investment Limited (formerly known as Gaia Wine Cellar Limited)	Hong Kong	HK\$12,000,000 (2018: HK\$1)	–	100%	Dormant
Project P Enterprise Limited	Hong Kong	HK\$1	–	100%	Dormant
Charleton Holdings Limited	BVI/Hong Kong	1 share of US\$1 each	–	100%	Investment holding
Roma Surveyors and Property Consultants Limited	Hong Kong	HK\$1	–	100%	Provision of valuation on real estate and agency services
Roma Credit and Risk Evaluation Limited	Hong Kong	HK\$1	–	100%	Provision of credit reports services
Ascendant Success Limited	BVI/Hong Kong	1 share of US\$1 each	–	100%	Investment holding
Million Up Holdings Limited	BVI/Hong Kong	1 share of US\$1 each	–	100%	Investment holding
Roma Strategic Marketing Limited	Hong Kong	HK\$1	–	100%	Provision of marketing and event organisation services
Bonus Boost International Limited	BVI/Hong Kong	1 share of US\$1 each	–	100%	Investment holding
B.I. Appraisals Limited	Hong Kong	HK\$1,000,000	–	100%	Provision of valuation and consultancy services
Charming Global Group Limited	BVI/Hong Kong	10 shares of US\$1 each	–	100%	Dormant
Glorious Sky Group Limited	BVI/Hong Kong	10 shares of US\$1 each	–	100%	Dormant
Fantastic Adventure Holdings Limited	BVI/Hong Kong	10 shares of US \$1 each	–	100%	Investment holding
Roma Risk Advisory Limited	Hong Kong	1 share of HK\$1 each	–	100%	Provision of ESG reporting services
KLS Consultants Limited	Hong Kong	3 shares of HK\$1 each	–	100%	Dormant
Shanghai Baby Limited	Hong Kong	10,000 shares of HK\$1 each	–	100%	Property investment

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Name	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	

Roma Capital Limited (formerly known as Adventure Securities Limited)	Hong Kong	100 shares of HK\$1 each	–	100%	Dormant
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None of the subsidiaries of the Company had issued any debt securities at 31 March 2019 or any time during the year (2018: nil).

During the year ended 31 March 2018, a subsidiary, Fantastic Adventure Holdings Limited, was incorporated.

During the year ended 31 March 2019, subsidiaries, Roma Risk Advisory Limited and Adventure Securities Limited, were incorporated, subsidiaries, Shanghai Baby Limited and KLS Consultants Limited, were acquired by the Group.

### (b) Controlled structured entity

The Group controls a structured entity which operates in Hong Kong, particulars of which are as follows:

Structured entity	Principal activities
Employees' share award scheme (Employee share trust)	Purchases, administers and holds the Company shares for the share award scheme for the benefit of the Group's eligible employees

As the employee share trust is set up solely for the purpose of purchasing, administering and holding Company's shares for the share award scheme, the Company has the power to direct the relevant activities of the employee share trust and it has the ability to use its power over the employee share trust to affect its exposure to returns. Therefore, the assets and liabilities of employee share trust are included in the consolidated and company statements of financial position and the Company's shares it held are presented as a deduction in equity as shares held for share award scheme.

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## 35. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2019 HK\$'000	2018 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	34	1,335	1,335
<b>Current assets</b>			
Prepayments, deposits and other receivables		156	155
Amounts due from subsidiaries		488,607	455,459
Cash and bank balances		71,737	171,207
		560,500	626,821
<b>Current liabilities</b>			
Accrued liabilities		125	735
Amounts due to subsidiaries		2,579	1,684
		2,704	2,419
<b>Net current assets</b>		<b>557,796</b>	<b>624,402</b>
<b>Total assets less current liabilities/net assets</b>		<b>559,131</b>	<b>625,737</b>
<b>EQUITY</b>			
Share capital	30	172,826	199,994
Reserves	32	386,305	425,743
<b>Total equity</b>		<b>559,131</b>	<b>625,737</b>

On behalf of the Board

Mr. Yue Kwai Wa Ken  
Director

Mr. Li Sheung Him Michael  
Director

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## 36. OPERATING LEASE COMMITMENTS

### As a lessee

The Group leases office premises under operating leases. Each of the leases runs for initial periods of 2 to 3 years (2018: 2 to 3 years) and the leases do not include contingent rentals. The total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	2019 HK\$'000	2018 HK\$'000
Within one year	4,281	4,493
In the second to fifth year	350	4,616
	<b>4,631</b>	9,109

## 37. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

### Key management personnel remuneration

Key management of the Group are members of the Board. Key management personnel remuneration includes the following expenses:

	2019 HK\$'000	2018 HK\$'000
Directors' fees	427	1,092
Salaries, allowances and other benefits	4,951	5,078
Contributions on defined contribution retirement plans	39	38
Share-based payment — equity settled	1,382	—
	<b>6,799</b>	6,208

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## 38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group does not have written risk management policies. However, the directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

The Group has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Group is exposed to are described below.

### (a) Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to currency risk is limited to its bank balances denominated in Renminbi ("RMB") as majority of the Group's transactions, monetary assets and liabilities are denominated in HK\$ and US\$.

As US\$ is pegged to HK\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. No sensitivity analysis in respect of the Group's financial assets and liabilities denominated in US\$ is presented as in the opinion of the directors, such sensitivity analysis does not give additional value in view of the insignificant movement in the US\$/HK\$ exchange rates at the end of reporting period.

The carrying amounts of the Group's material monetary assets that are denominated in RMB at the end of reporting period are as follows:

	<b>Assets</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
RMB	<b>20,502</b>	19,867

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## Sensitivity analysis

The following table indicates the approximate change in the Group's results for the year in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. A positive number below indicates an increase in profit or decrease in loss.

	Effect on results for the year	
	2019 HK\$'000	2018 HK\$'000
RMB to HK\$:		
Appreciates by 3%	615	596
Depreciates by 3%	(615)	(596)

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the end of reporting period and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date.

## (b) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and bank borrowings. The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

The following table details the interest rate profile of the Group's financial assets and liabilities as at the end of the reporting period based upon which the Group's management evaluates the interest rate risk:

	2019		2018	
	Effective interest rate (% per annum)	Amount HK\$'000	Effective interest rate (% per annum)	Amount HK\$'000
<b>Financial assets</b>				
<b>Fixed rate receivables</b>				
— pledged bank deposits	0.01%–3.85%	108,557	0.08%–3.25%	106,524
— loans and interest receivable	8%–48%	343,482	8%–36%	202,083
<b>Floating rate receivables</b>				
— cash at bank	0.001%–0.01%	109,856	0.001%–0.01%	204,493
<b>Financial liabilities</b>				
<b>Fixed rate borrowing</b>				
— finance lease liabilities	1.6%–2.5%	1,584	1.6%–1.8%	2,312
<b>Floating rate borrowing</b>				
— bank borrowings	2.0%–3.21%	100,000	1.55%–1.99%	100,000

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The following table demonstrates the effect of sensitivity to reasonably possible changes in interest rates, with all other variables held constant, on the Group's (loss)/profit after income tax expense in the next accounting period:

	2019		2018	
	Increase/ (decrease) in basis points	(Increase)/ decrease in loss after income tax HK\$'000	Increase/ (decrease) in basis points	(Increase)/ decrease in loss after income tax HK\$'000
<b>Floating rate financial assets</b>				
Increase in floating rate	10	92	10	171
Decrease in floating rate	(10)	(92)	(10)	(171)
<b>Floating rate financial liabilities</b>				
Increase in floating rate	10	(84)	10	(84)
Decrease in floating rate	(10)	84	(10)	84

## (c) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operation and its loans and interest receivable.

The Group's policy is to deal with credit worthy counterparties. The Group generally grants credit terms of 0–30 days to the customers. In some cases, customers may be required to pay in advance or partial deposit. In addition, management is responsible for overseeing the credit quality of the Group's loan portfolio. Payment record of customers is closely monitored and management will determine appropriate recovery actions for overdue balances. Management reviews the recoverability of trade and loans and interest receivables individually or collectively at end of reporting period to ensure that provision for impairment is adequate for irrecoverable amounts.

As at 31 March 2019 and 31 March 2018, there was no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

As at 31 March 2019, the Group had certain concentrations of credit risk as 22.1% (2018: 52%) of the Group's loans and interest receivables were due from the five largest borrowers.

It is the Group's policy that all customers who wish to obtain loans from the Group are subject to management review. Receivable balances are monitored on an ongoing basis. The Group holds collaterals to cover its risks associated with certain loans and interest receivable.

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Collaterals are obtained in respect of a first mortgage loan and certain secured loans which made up to approximately 0% (2018: 1%) and 29% (2018: 38%) of the total loans and interest receivable, net of impairment loss, as at 31 March 2019, respectively. Such collaterals comprise a residential property, shares of private companies, promissory notes and convertible bonds issued by limited companies pledged against the balances. As at 31 March 2019, the fair value of collaterals for the first mortgage loans and those secured loans which are a residential property and shares of certain private companies based on the prevailing market price and valuations by income/market approach amounted to approximately HK\$3,100,000 (2018: HK\$2,750,000) and HK\$151,256,000 (2018: HK\$390,832,000), respectively. The promissory notes and convertible bonds were held as collateral by the Group as at 31 March 2019 amounted to HK\$40,000,000 (2018: HK\$20,000,000) and HK\$9,000,000 (2018: nil), respectively.

The credit risk for liquid funds is considered negligible as the counterparties are reputable international banks with high quality external credit ratings.

Details of the Group's ECLs assessments are as follows:

#### *Trade receivables and contract assets*

The Group applies the simplified approach in providing for ECLs as prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables and contract assets. The Group always measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECLs. The ECLs on trade receivables and contract assets are estimated by reference to past default experience of the debtor and current market condition in relation to each debtor's exposure. Where there is a significant deterioration in credit risk or when the receivables are assessed to be credit-impaired, the Group provides for lifetime ECLs. The ECLs also incorporates forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables. To measure the ECLs, trade receivables have been grouped based on share credit risk characteristics.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2019:

	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000
<b>31 March 2019</b>			
Current (not past due)	0%	94	–
1–30 days past due	4.2%	6,221	260
31–60 days past due	5.9%	1,537	91
61–90 days past due	24.7%	785	194
91–180 days past due	29.7%	924	274
181–360 days past due	41.4%	2,544	1,054
More than 360 days past due	100.0%	19,550	19,550
		31,655	21,423

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## *Other receivables and deposits*

The Group provides for 12-month ECLs for all other receivables and deposits at initial recognition. Where there is a significant deterioration in credit risk or when the other receivables and deposits are assessed to be credit-impaired, the Group provides for lifetime ECLs. The ECLs incorporate forward looking information such as forecast of economic conditions. As at 31 March 2019, there were HK\$16,581,000 of other receivables without significant increase in credit risk on which 12-month ECLs of HK\$243,000 were recognised, while there were HK\$48,149,000 of other receivables with significant increase in credit risk on which lifetime ECLs of HK\$27,538,000 were recognised. There were HK\$22,809,000 of credit-impaired other receivables on which lifetime ECLs of HK\$22,809,000 were recognised.

## *Loans and interest receivable*

The Group applies HKFRS 9 to measure ECLs which uses a 12-month ECLs for loans and interest receivable. To measure the ECLs, loans and interest receivable have been grouped based on shared credit risk characteristics. The internal credit risk ratings are based on qualitative (such as debtors' operating conditions, financial positions, external rating of debtors, etc.) and quantitative factors (mainly includes past due information of the loans and interest receivable).

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is by referencing the external data adjusted by macroeconomic factors and forward-looking information, etc.

The following table provides an overview of the Group's credit risk by stage, and the associated ECLs coverage. The financial assets recorded in each stage have the following characteristics:

Stage 1: Unimpaired and without significant increase in credit risk on which 12-month allowance for ECLs are recognised.

Stage 2: A significant increase in credit risk has been experienced since initial recognition on which lifetime ECLs are recognised.

Stage 3: Objective evidence of impairment, and are therefore considered to be in default or otherwise credit-impaired on which lifetime ECLs are recognised.

	12m or lifetime ECLs	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Internal credit rating				
Stage 1	12-month ECLs	1.1%	281,373	3,212
Stage 2	Lifetime ECLs	17.8%	79,436	14,115
Stage 3	Lifetime ECLs	100.0%	35,690	35,690
Total			396,499	53,017

The credit policies have been consistently applied by the Group and are considered effective in limiting the Group's exposure to credit risk to a desirable level.

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## (d) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financial obligations, and also in respect of its cash flow management. The cash management of all operating entities is centralised, including the raising of funds to cover expected cash demands. The Group's objective is to maintain sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's bank borrowings, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000
<b>As at 31 March 2019</b>					
Trade payables	338	338	338	–	–
Financial liabilities included in accrued liabilities and other payables	3,218	3,218	3,218	–	–
Bank borrowings	100,000	100,000	100,000	–	–
Finance lease liabilities	1,584	1,653	985	417	251
	<b>105,140</b>	<b>105,209</b>	<b>104,541</b>	<b>417</b>	<b>251</b>
<b>As at 31 March 2018</b>					
Trade payables	372	372	372	–	–
Financial liabilities included in accrued liabilities and other payables	9,032	9,032	9,032	–	–
Bank borrowings	100,000	100,000	100,000	–	–
Finance lease liabilities	2,312	2,386	1,347	733	306
	<b>111,716</b>	<b>111,790</b>	<b>110,751</b>	<b>733</b>	<b>306</b>

The liquidity policies have been consistently applied by the Group and are considered effective in managing the liquidity risk.

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## (e) Fair values

### (i) Financial assets measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy defined in HKFRS 13, Fair value measurement.

	Fair value measurements categorised into			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
31 March 2019				
Financial assets at FVOCI				
— Equity securities — unlisted	—	—	13,526	13,526
	—	—	13,526	13,526

During the years ended 31 March 2019 and 2018, 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.

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 2 and level 3 fair value measurements. The financial controller reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least twice a year.

For level 2 and level 3 fair value measurements, the Group will normally engage external valuation experts with recognised professional qualifications and recent experience to perform the valuations.

The fair value of financial assets at FVOCI is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	2019 HK\$'000
Opening balance (level 3 recurring fair value) (note 2(a)A(ii))	25,556
Decrease in fair value of financial assets at FVOCI	(12,030)
Closing balance (level 3 recurring fair value)	13,526
Change in unrealised gains or losses for the year included in other comprehensive income for assets held at 31 March	12,030

The fair value of equity instruments have been estimated using a guideline public company marketability model based on assumptions that are not supported by observable market price or rates.

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Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 March 2019:

	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
<b>At 31 March 2019</b>			
Equity instruments — unlisted	Guideline public company marketability method	Price-to-sales ratio: 1:2.68 Discount for lack of marketability: 15.8%	An increase in the ratio will result in an increase in the fair value of the unlisted equity securities  An increase in the discount rate will result in a decrease in the fair value of the unlisted equity securities

(ii) *Fair value of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair value as at 31 March 2018 and 2019.

## 39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts presented in the consolidated statement of financial position of the Group relate to the following categories of financial assets and financial liabilities:

	2019 HK\$'000	2018 HK\$'000
<b>Financial assets</b>		
Available-for-sale investments	—	25,000
Financial assets at FVOCI	13,526	—
Loans and receivables	608,982	758,493
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	105,140	111,716

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## 40. CAPITAL MANAGEMENT

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholder returns.

For capital management purpose, the directors of the Company regard the total equity presented on the consolidated statement of financial position as capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## 41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 31 May 2019.

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	<b>Year ended 31 March</b>				
<b>RESULTS</b>	<b>2019</b>	2018	2017	2016	2015
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<b>70,150</b>	65,140	111,992	118,102	85,517
(Loss)/profit before income tax credit/(expense)	<b>(71,549)</b>	(25,955)	25,314	45,199	36,428
Income tax credit/(expense)	<b>134</b>	407	(4,065)	(8,612)	(7,237)
(Loss)/profit for the year	<b>(71,415)</b>	(25,548)	21,249	36,587	29,191
	<b>As at 31 March</b>				
<b>ASSETS AND LIABILITIES</b>	<b>2019</b>	2018	2017	2016	2015
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current assets	<b>444,744</b>	760,411	466,286	442,565	379,095
Non-current assets	<b>230,305</b>	77,365	85,243	90,710	70,065
Total assets	<b>675,049</b>	837,776	551,529	533,275	449,160
Current liabilities	<b>138,407</b>	125,601	70,014	70,998	48,740
Non-current liabilities	<b>2,940</b>	3,481	5,030	7,041	6,133
Total liabilities	<b>141,347</b>	129,082	75,044	78,039	54,873
Net assets	<b>533,702</b>	708,694	476,485	455,236	394,287
<b>EQUITY</b>					
Equity attributable to owners of the Company	<b>533,702</b>	708,694	476,485	455,236	394,287