ROMA

Roma Group Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 8072

INTERIM REPORT

2019/2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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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.

Financial Highlights

For the six months ended 30 September 2019:

— Revenue was approximately HK$39.8 million, representing an increase of approximately 32.6% as compared with that for the six months ended 30 September 2018;

— Profit for the six months ended 30 September 2019 amounted to approximately HK$0.4 million, whereas the loss of approximately HK$7.6 million for the six months ended 30 September 2018;

— Basic and diluted earnings per share attributable to owners of the Company were HK0.29 cent; and

— No dividend was declared.

The board of Directors (the "Board") announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 September 2019 together with the relevant comparative unaudited/audited figures as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2019

	Notes	For the three months ended 30 September 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)	For the six months ended 30 September 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)
Revenue	3	**22,189**	12,401	**39,757**	29,975
Other income	5	**2,829**	1,055	**5,168**	2,444
(Decrease)/increase in fair value of investment property		**(300)**	462	**(300)**	462
Employee benefit expenses	6	**(10,114)**	(10,434)	**(23,829)**	(22,437)
Depreciation and amortisation	7	**(2,304)**	(1,271)	**(4,646)**	(2,496)
Finance costs	8	**(832)**	(688)	**(1,573)**	(1,205)
Other expenses		**(7,373)**	(7,593)	**(13,966)**	(13,247)
Profit/(loss) before income tax expense	7	**4,095**	(6,068)	**611**	(6,504)
Income tax credit/(expense)	9	**4**	(267)	**(261)**	(1,072)
Profit/(loss) for the period attributable to owners of the Company		**4,099**	(6,335)	**350**	(7,576)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Change in the fair value of financial asset at fair value through other comprehensive income		**(6,178)**	87	**(6,178)**	87
Total comprehensive loss attributable to owners of the Company		**(2,079)**	(6,248)	**(5,828)**	(7,489)
			(Restated)		(Restated)
Basic and diluted earnings/(loss) per share attributable to owners of the Company (HK cents)	11	**3.42**	(4.08)	**0.29**	(4.86)

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2019

	Notes	**30 September 2019 HK$'000 (unaudited)**	31 March 2019 HK$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**2,569**	3,883
Right-of-use assets		**2,243**	–
Investment property	13	**12,200**	12,500
Intangible assets		**15,137**	16,212
Goodwill	14	**15,242**	15,242
Financial asset at fair value through other comprehensive income	15	**7,348**	13,526
Loans and interests receivable	16	**132,997**	166,858
Deposit paid		**800**	800
Deferred tax assets		**1,284**	1,284
		189,820	230,305
Current assets			
Loans and interests receivable	16	**237,484**	176,624
Trade receivables	17	**9,451**	10,138
Prepayments, deposits, other receivables and contract assets	18	**28,134**	37,330
Financial asset at fair value through profit or loss		**1,453**	–
Pledged bank deposits	19	**109,369**	108,557
Tax recoverable		**–**	2,239
Cash and bank balances — segregated accounts		**112,650**	–
Cash and bank balances — general accounts		**16,638**	109,856
Fixed deposit		**84,000**	–
		599,179	444,744

	Notes	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Current liabilities			
Trade payables	20	**294**	338
Accrued liabilities, other payables, receipt in advance and contract liabilities	21	**152,544**	36,866
Finance lease liabilities	22	**3,064**	944
Bank borrowings	23	**100,000**	100,000
Current tax liabilities		**641**	259
		256,543	138,407
Net current assets		**342,636**	306,337
Total assets less current liabilities		**532,456**	536,642
Non-current liabilities			
Finance lease liabilities	22	**288**	640
Deferred tax liabilities		**2,178**	2,300
		2,466	2,940
Net assets		**529,990**	533,702
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	**172,826**	172,826
Reserves		**357,164**	360,876
Total equity		**529,990**	533,702

For the six months ended 30 September 2019

	Share capital HK$'000	Shares held for the share award plan (the "Plan")* HK$'000	Share premium* HK$'000	Capital reserve* HK$'000	Share option reserve* HK$'000	Investment at fair value through other comprehensive income ("FVOCI") HK$'000	(Accumulated losses)/ Retained earnings* HK$'000	Total HK$'000
At 1 April 2019 (audited)	**172,826**	**(26,241)**	**398,433**	**10**	**2,763**	**(11,474)**	**(2,615)**	**533,702**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**350**	**350**
Other comprehensive income								
Change in the fair value of financial asset at FVOCI	**–**	**–**	**–**	**–**	**–**	**(6,178)**	**–**	**(6,178)**
Total comprehensive (loss)/ income for the period	**–**	**–**	**–**	**–**	**–**	**(6,178)**	**350**	**(5,828)**
Transactions with owners, in their capacity as owners								
Recognition of share-based payment (note 25(a))	**–**	**–**	**–**	**–**	**2,116**	**–**	**–**	**2,116**
At 30 September 2019 (unaudited)	**172,826**	**(26,241)**	**398,433**	**10**	**4,879**	**(17,652)**	**(2,265)**	**529,990**
At 1 April 2018 (audited)	199,994	–	410,059	10	–	–	98,631	708,694
— HKFRS 15 adjustment	–	–	–	–	–	–	(23,311)	(23,311)
— HKFRS 9 adjustment	–	–	–	–	–	556	(6,520)	(5,964)
At 1 April 2018 (adjusted)	199,994	–	410,059	10	–	556	68,800	679,419
Loss for the period	–	–	–	–	–	–	(7,576)	(7,576)
Other comprehensive income								
Change in the fair value of financial asset at FVOCI	–	–	–	–	–	87	–	87
Total comprehensive (loss)/ income for the period	–	–	–	–	–	87	(7,576)	(7,489)
Transactions with owners, in their capacity as owners								
Shares repurchase (note 24(b))	(7,968)	–	(4,018)	–	–	–	–	(11,986)
Recognition of share-based payment (note 25(a))	–	–	–	–	2,763	–	–	2,763
Purchase of shares for the Plan (note 25(b))	–	(26,241)	–	–	–	–	–	(26,241)
At 30 September 2018 (unaudited)	192,026	(26,241)	406,041	10	2,763	643	61,224	636,466

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

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2019

	For the six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	**(7,088)**	(102)
Cash flows from investing activities		
Interests received	**2,388**	1,531
Purchase of property, plant and equipment	**(41)**	(16)
Increase in pledged bank deposits	**(812)**	(1,272)
Acquisition of financial asset at fair value through profit or loss ("FVTPL")	**(1,618)**	–
Increase in fixed deposit	**(84,000)**	–
Acquisition of assets through an acquisition of a subsidiary	**–**	(12,000)
Net cash used in investing activities	**(84,083)**	(11,757)
Cash flows from financing activities		
Repayments of finance lease liabilities	**(474)**	(495)
Interests paid	**(1,573)**	(1,205)
Purchase of shares for the Plan	**–**	(26,241)
Shares repurchases	**–**	(11,986)
Net cash used in financing activities	**(2,047)**	(39,927)
Net decrease in cash and cash equivalents	**(93,218)**	(51,786)
Cash and cash equivalents at the beginning of the period	**109,856**	204,493
Cash and cash equivalents at the end of the period	**16,638**	152,707
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**16,638**	152,707

1. GENERAL

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

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

The unaudited condensed consolidated financial statements for the three months and six months ended 30 September 2019 (the "Interim Financial Statements") were approved and authorised for issue by the Board on 12 November 2019.

2. BASIS OF PREPARATION

(a) Basis of preparation

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the GEM Listing Rules.

The Interim Financial Statements do not include all of the information and disclosures required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which comprises all applicable individual HKFRS, HKASs and Interpretations issued by the HKICPA, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 March 2019 (the "2019 AFS").

(b) Principal accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the 2019 AFS, except for the adoption of new and revised standards effective as of 1st April 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*

Except as described below, the application of the new and revised HKFRSs do not have a significant impact on the condensed consolidated financial statements of the Group.

HKFRS 16 — Leases

HKFRS 16 "Leases" ("HKFRS 16") which will supersede HKAS 17 Leases and related interpretations, have been applied from 1 April 2019.

The Group has adopted HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability retrospectively from 1 April 2019, but has not restated comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

(i) Adjustment recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 2.51%.

(b) Principal accounting policies *(continued)*

HKFRS 16 — Leases (continued)

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application and accounted for those leases as short-term leases;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

As a lessee, the Group's leases are mainly rentals of offices. The right-of-use assets were measured at the amount equal to the lease liabilities and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

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(b) Principal accounting policies *(continued)*

HKFRS 16 — Leases (continued)

	31 March 2019 As originally presented HK$'000	Adoption of HKFRS 16 HK$'000	1 April 2019 Restated (Unaudited) HK$'000
Non-current assets			
Right-of-use assets	–	4,458	4,458
Current liabilities			
Lease liabilities	944	4,458	5,402
Non-current liabilities			
Lease liabilities	640	–	640

The lease liabilities as at 1 April 2019 reconciled to the operating leases commitments as at 31 March 2019 is shown as follows:

	HK$'000 (unaudited)
Weighted average incremental borrowing rate as at 1 April 2019	2.51%
Operating lease commitments as at 1 April 2019	4,631
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020 and low-value assets	(173)
Add: Finance lease liabilities as of 31 March 2019	1,584
Lease liabilities as at 1 April 2019	6,042

(b) Principal accounting policies *(continued)*

HKFRS 16 — Leases (continued)

(ii) The Group's leasing activities and how these are accounted for

The Group's leases are mainly rentals of offices. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018/19 financial year, leases of office were classified as operating leases and the payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed payments (including in-substance fixed payments) and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

(b) Principal accounting policies *(continued)*

HKFRS 16 — Leases (continued)

(ii) The Group's leasing activities and how these are accounted for *(continued)*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(c) Basis of measurement

The Interim Financial Statements have been prepared under the historical cost basis as modified by the revaluation of investment property, financial asset at FVOCI and financial asset at FVTPL which are carried at fair value.

(d) Fair value measurements of financial instrument

Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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(d) Fair value measurements of financial instrument *(continued)*

The Group's financial assets at FVOCI are carried at fair value as at 30 September 2019. The following disclosures of fair value measurements use a fair value hierarchy which has three levels:

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

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

Level 3: unobservable inputs for the asset or liability

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

Disclosures of level in fair value hierarchy at 30 September 2019:

	Fair value measurement using:			Total
Description	Level 1 HK$'000 (unaudited)	Level 2 HK$'000 (unaudited)	Level 3 HK$'000 (unaudited)	30 September 2019 HK$'000 (unaudited)
(a) Financial asset at FVOCI	–	–	7,348	7,348
(b) Financial asset at FVTPL				
— Listed equity securities	611	–	–	611
— Derivatives	–	842	–	842

Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

During the six months ended 30 September 2019, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (31 March 2019: nil). The Group's policy is to recognise transfer into and out 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.

(d) Fair value measurements of financial instrument *(continued)*

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.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 September 2019:

	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
At 30 September 2019			
Equity instruments — unlisted	Guideline public company marketability method	Price-to-sales ratio: 1:1.44	An increase in the ratio will result in an increase in the fair value of the unlisted equity securities
		Discount for lack of marketability: 15.8%	An increase in the discount rate will result in a decrease in the fair value of the unlisted equity securities

(e) Functional and presentation currency

The Interim 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.

3. REVENUE

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

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

	For the three months ended 30 September		**For the six months ended 30 September**	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Services fee income from provision of valuation and advisory services	**12,199**	6,733	**23,723**	18,241
Interest income from provision of financing services	**6,602**	5,668	**12,646**	11,734
Securities broking services	**3,388**	–	**3,388**	–
	22,189	12,401	**39,757**	29,975

4. SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision-maker. The executive Directors have identified the Group's product and service lines as reportable operating segments as follows:

(i) Valuation and advisory services;

(ii) Financing services;

(iii) Securities broking services; and

(iv) All other segments.

(a) Business segments

For the six months ended 30 September 2019 (unaudited)

	Valuation and advisory services HK$'000	Financing services HK$'000	Securities broking services HK$'000	All other segments HK$'000	Total HK$'000
Segment revenue (note (i))	23,723	12,646	3,388	–	39,757
Segment results (note (ii))	(4,923)	8,633	2,078	1,480	7,268
Other segment information					
Depreciation	(2,267)	(2)	(14)	–	(2,283)
Amortisation	(1,076)	–	–	–	(1,076)
Reversal of impairment loss on loans and interests receivable	–	8	–	–	8
Impairment loss on trade and other receivables	(1,815)	–	–	–	(1,815)
Reversal of impairment loss on trade and other receivables	708	–	–	–	708
Decrease in fair value of investment property	–	–	–	(300)	(300)
Income tax expense	13	–	(80)	(194)	(261)
Additions to non-current assets (excluding financial instruments)	9	–	32	–	41
Segment assets (as at 30 September 2019)	45,566	392,154	955	13,249	451,924
Segment liabilities (as at 30 September 2019)	(41,885)	(3,004)	(109,909)	(393)	(155,191)

For the six months ended 30 September 2018 (unaudited)

	Valuation and advisory services HK$'000	Financing services HK$'000	All other segments HK$'000	Total HK$'000
Segment revenue (note (i))	18,241	11,734	–	29,975
Segment results (note (ii))	(6,413)	8,215	(149)	1,653
Other segment information				
Depreciation	(61)	–	(21)	(82)
Amortisation	(1,076)	–	–	(1,076)
Reversal of impairment loss on loans and interests receivable, net	–	21	–	21
Reversal of impairment loss on trade and other receivables, net	212	–	–	212
Income tax expense	121	(1,173)	(20)	(1,072)
Additions to non-current assets (excluding financial instruments)	16	–	–	16
Segment assets (as at 30 September 2018)	68,040	419,068	904	488,012
Segment liabilities (as at 30 September 2018)	(46,591)	(7,981)	(93)	(54,665)

Notes:

(i) Segment revenue reported above represents revenue generated from external customers. There were no material inter-segment sales for both periods.

(ii) The accounting policies of the operating segments are same as the Group's accounting policies described in note 2 to the Interim Financial Statements. 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 chief operating decision-maker for the purpose of resources allocation and performance assessment.

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

	For the six months ended 30 September 2019 HK$'000 (unaudited)	For the six months ended 30 September 2018 HK$'000 (unaudited)
Profit/(loss) before income tax expense		
Reportable segment profit	**7,268**	1,653
Unallocated interest income	**2,388**	1,531
Unallocated employee benefit expenses	**(2,546)**	(5,141)
Unallocated depreciation	**(1,287)**	(1,338)
Unallocated finance costs	**(1,573)**	(1,205)
Unallocated other expenses	**(3,639)**	(2,004)
Consolidated profit/(loss) before income tax expense	**611**	(6,504)

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Assets		
Reportable segment assets	**451,924**	438,650
Unallocated property, plant and equipment	**3,502**	3,502
Unallocated financial asset at FVOCI	**7,348**	13,526
Unallocated financial asset at FVTPL	**1,453**	–
Unallocated pledged bank deposits	**109,370**	108,557
Unallocated cash and bank balances	**129,288**	109,856
Unallocated fixed bank deposit	**84,000**	–
Unallocated deposit	**800**	800
Unallocated corporate assets	**1,314**	158
Consolidated total assets	**788,999**	675,049
Liabilities		
Reportable segment liabilities	**(155,191)**	(39,639)
Unallocated finance lease liabilities	**(3,352)**	(1,584)
Unallocated bank borrowings	**(100,000)**	(100,000)
Unallocated corporate liabilities	**(466)**	(124)
Consolidated total liabilities	**259,009**	(141,347)

(c) Geographical segment information

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

(d) Information about major customer

For the six months ended 30 September 2019 and 2018, none of the customers contributed 10% or more of the revenue of the Group.

5. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Reimbursement of expenses	**212**	98	**333**	326
Interest income	**1,278**	858	**2,388**	1,531
Rental income	**54**	15	**84**	15
Other marketing service income	**1,285**	75	**2,363**	150
Others	**–**	9	**–**	422
	2,829	1,055	**5,168**	2,444

6. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Wages and salaries	**9,474**	7,994	**20,811**	19,614
Contributions on defined contribution retirement plans	**275**	234	**547**	476
Share-based payment — equity settled	**–**	2,072	**1,777**	2,072
Other benefits	**365**	134	**694**	275
	10,114	10,434	**23,829**	22,437

7. EXPENSES BY NATURE

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Auditor's remuneration (note)	**195**	200	**430**	400
Amortisation of intangible assets	**538**	538	**1,076**	1,076
Consultancy fee (note)	**912**	530	**2,014**	1,134
Depreciation of property, plant and equipment	**655**	733	**1,355**	1,420
Depreciation of right-of-use asset	**1,111**	–	**2,215**	–
Exchange loss/(gain), net (note)	**28**	(23)	**872**	(28)
Decrease in fair value of financial asset at FVTPL (note)	**165**	–	**165**	–
License application fee (note)	**–**	561	**–**	561
Marketing and business development expenses (note)	**1,057**	1,000	**2,213**	2,399
(Reversal of impairment loss)/impairment loss on loans and interests receivable, net (note)	**–**	(4)	**(8)**	(21)
(Reversal of impairment loss)/impairment loss on trade and other receivables, net (note)	**1,107**	(206)	**1,107**	(212)
Operating lease charges in respect of buildings (note)	**114**	1,239	**241**	2,111
Professional fee (note)	**1,988**	2,055	**3,429**	3,251
Share-based payment — equity settled (other eligible participant) (note)	**–**	691	**339**	691
Travelling expenses (note)	**202**	202	**460**	365

Note: These expenses are included in "other expenses" in the consolidated statement of comprehensive income.

8. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest on bank borrowings	**802**	672	**1,504**	1,172
Interest on finance leases	**30**	16	**69**	33
	832	688	**1,573**	1,205

9. INCOME TAX (CREDIT)/EXPENSE

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%. The provision for Hong Kong profits tax was calculated at 16.5% of the estimated assessable profits for the reporting period (2018:16.5%).

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax — Hong Kong Profits Tax				
Tax for the period	**56**	327	**382**	1,193
	56	327	**382**	1,193
Deferred tax				
Credit for the period	**(60)**	(60)	**(121)**	(121)
	(4)	267	**261**	1,072

10. DIVIDENDS

The Board has resolved not to recommend the payment of dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

11. EARNINGS/(LOSS) PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Earnings/(loss)				
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	**4,099**	(6,335)	**350**	(7,576)
	'000	'000 (restated)	**'000**	'000 (restated)
Number of Shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share (notes (a), (b) and (c))	**120,020**	155,366	**120,020**	155,806

Notes:

(a) Weighted average of 120,020,000 Shares and 120,020,000 Shares for the three months ended and six months ended 30 September 2019 are derived from 2,700,408,000 Shares in issue as at 1 April 2019 and 1 July 2019 after taking into account the effects of the share consolidation which was effective on 22 August 2019 and purchase of Shares held for the Plan (note 25(b)).

(b) Weighted average of 155,366,000 Shares and 155,806,000 Shares for the three months ended and six months ended 30 September 2018 (restated) are derived from 3,124,908,000 ordinary shares in issue as at 1 April 2018 and 1 July 2018 after taking into account the effects of the share consolidation which was effective on 22 August 2019 and purchase of Shares held for the Plan (note 25(b)).

(c) The computation of diluted earnings/(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 periods.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired items of property, plant and equipment with total costs of approximately HK$41,000 (six months ended 30 September 2018: approximately HK$354,000).

13. INVESTMENT PROPERTY

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
At beginning of reporting period/year	**12,500**	–
Addition	**–**	12,038
(Decrease)/increase in fair value of investment property	**(300)**	462
At end of reporting period/year	**12,200**	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 30 September 2019 by an independent professional valuer. 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 six months ended 30 September 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 six months ended 30 September 2019, there were no transfers between level 1 and level 2, or transfer into or out of level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

14. GOODWILL

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
At beginning of reporting period/year	**15,242**	25,329
Impairment	**–**	(10,087)
At end of reporting period/year	**15,242**	15,242

The goodwill was acquired through business combination during the year ended 31 March 2015 and it is solely allocated to the cash generating unit ("CGU"), namely Bonus Boost International Limited ("Bonus Boost") and its subsidiary.

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% (six months ended 30 September 2018: 3%).

	31 March 2019 and 30 September 2019
Discount rate	14%
Operating margin*	10%–38%
Growth rate within the five-year period	3%–45%

* 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.

15. FINANCIAL ASSET AT FVOCI

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
At beginning of reporting period/year	**13,526**	25,556
Decrease in fair value of financial asset	**(6,178)**	(12,030)
At end of reporting period/year	**7,348**	13,526

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

16. LOANS AND INTERESTS RECEIVABLE

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Loans and interests receivable (net of impairment loss)	**370,481**	343,482
Current portion included in current assets	**(237,484)**	(176,624)
Amounts due after one year included in non-current assets	**132,997**	166,858

As at 30 September 2019, loans and interests receivable with an aggregate carrying amount of approximately HK$100.6 million (31 March 2019: approximately HK$100.3 million) were secured by legal charges.

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The Group's loan principals charged interests at contract rates ranging from approximately 8% to 48% per annum (31 March 2019: approximately 8% to 48% per annum).

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

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

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Current	**237,484**	176,624
1 to 5 years	**132,910**	166,517
Over 5 years	**87**	341
	370,481	343,482

The ageing analysis of loans and interests receivable based on the loan drawdown date at the end of reporting period is as follows:

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
0 to 30 days	**1,165**	123,630
31 to 60 days	**–**	–
61 to 90 days	**10,174**	5,512
91 to 180 days	**24,176**	31,094
181 to 360 days	**155,572**	62,572
Over 360 days	**179,394**	120,674
	370,481	343,482

The table below reconciles the impairment loss on loans and interests receivable for the reporting period/year:

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
At the beginning of reporting period/year	**53,017**	28,056
Impact of initial application of HKFRS 9	**–**	403
Adjusted balance at 1 April	**53,017**	28,459
Written off	**–**	(301)
Impairment loss recognised	**–**	24,977
Recovery of impairment loss previously recognised	**(8)**	(118)
At the end of reporting period/year	**53,009**	53,017

The Group recognised impairment loss based on the accounting policy as set out in the 2019 AFS.

17. TRADE RECEIVABLES

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

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
0 to 30 days	**2,885**	5,961
31 to 60 days	**1,489**	1,446
61 to 90 days	**1,931**	591
91 to 180 days	**1,570**	650
181 to 360 days	**805**	1,490
Over 360 days	**771**	–
	9,451	10,138

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

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
At the beginning of reporting period/year	**21,423**	14,671
Impact of initial application of HKFRS 9	**–**	5,692
Adjusted balance as at 1 April	**21,423**	20,363
Written off	**–**	(1,114)
Impairment loss recognised	**1,815**	2,580
Recovery of impairment loss previously recognised	**(708)**	(406)
At the end of reporting period/year	**22,530**	21,423

The Group recognised impairment loss based on the accounting policy as set out in the 2019 AFS.

18. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND CONTRACT ASSETS

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Non-current asset		
Deposit	**800**	800
Current asset		
Accrued revenue*	**22,590**	16,370
Contract asset	**1,271**	94
Prepayments	**837**	1,181
Deposits	**2,318**	2,080
Other receivables	**1,118**	17,605
	28,134	37,330

* Included in the balances were accrued interests of HK$22,590,000 (31 March 2019: HK$16,370,000).

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

The table below reconciles the impairment loss on prepayments, deposits and other receivables for the reporting period/year:

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
At the beginning of reporting period/year	**50,590**	15,777
Impact of initial application of HKFRS 9	**–**	425
Adjusted balance as at 1 April	**50,590**	16,202
Impairment loss recognised	**–**	34,697
Recovery of impairment loss previously recognised	**–**	(6)
Written off	**–**	(303)
At the end of reporting period/year	**50,590**	50,590

The Group recognised impairment loss based on the accounting policy as set out in the 2019 AFS.

19. PLEDGED BANK DEPOSITS

Pledged bank deposits represented cash at bank held by the subsidiaries pledged for bank borrowings (note 23).

20. TRADE PAYABLES

At the end of the reporting period, the Group was granted by its suppliers credit periods ranging from 0 to 30 (31 March 2019: 0 to 30) days. The ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
0 to 30 days	**–**	44
Over 360 days	**294**	294
	294	338

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

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Accrued liabilities and other payables*	**114,544**	3,469
Receipt in advance	**2,178**	433
Contract liabilities	**35,822**	32,964
	152,544	36,866

* Included in the balances of approximately HK$112,650,000 as at 30 September 2019 (31 March 2019: nil) was payable to clients and other institutions in respect of the segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities.

22. FINANCE LEASE LIABILITIES

The Group leased 3 motor vehicles as at 30 September 2019 (31 March 2019: 3). 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. In addition, the Group leases a rental of office. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Future lease payments are due as follows:

As at 30 September 2019

	Minimum lease payments HK$'000 (unaudited)	**Interest HK$'000 (unaudited)**	**Present value HK$'000 (unaudited)**
Not later than one year	**3,107**	**(43)**	**3,064**
Later than one year and not later than five years	**307**	**(19)**	**288**
	3,414	**(62)**	**3,352**

As at 31 March 2019

	Minimum lease payments HK$'000 (audited)	Interest HK$'000 (audited)	Present value HK$'000 (audited)
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

The present value of future lease payments are analysed as:

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Current liabilities	**3,064**	944
Non-current liabilities	**288**	640
	3,352	1,584

23. BANK BORROWINGS

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Current		
Interest bearing		
— bank borrowings due for repayment within one year (note)	**100,000**	100,000

Note:

The bank borrowing of HK$100,000,000 (unaudited) (31 March 2019: HK$100,000,000) was secured by bank deposits of HK$109,369,000 (unaudited) (31 March 2019: HK$108,557,000) placed by the Company and a subsidiary in the bank. Interest is charged at Hong Kong Inter-bank Offered Rate + 1% (31 March 2019: Hong Kong Inter-bank Offered Rate + 1%).

The above banking facilities 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.

As at 30 September 2019, all the bank borrowings were due for repayment within one year.

The Group regularly monitors the compliance with these covenants and the scheduled repayments of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the subsidiary continues to meet these requirements. As at 30 September 2019, none of the covenants relating to drawn down facilities had been breached.

24. SHARE CAPITAL

	Number of ordinary shares at HK$0.064 each	Number of ordinary shares at HK$1.28 each	HK$'000
Authorised			
At 1 April 2018, 30 September 2018 and 31 March 2019	9,000,000,000	–	576,000
Effect of share consolidation (note (a))	(9,000,000,000)	450,000,000	–
At 30 September 2019	–	450,000,000	576,000
Issued			
At 1 April 2018	3,124,908,311	–	199,994
Effect of shares repurchases (note (b))	(124,500,000)	–	(7,968)
At 30 September 2018	3,000,408,311	–	192,026
Effect of shares repurchases (note (b))	(300,000,000)	–	(19,200)
At 31 March 2019	2,700,408,311	–	172,826
Effect of shares consolidated (note (a))	(2,700,408,311)	135,020,415	–
At 30 September 2019	–	135,020,415	172,826

Notes:

(a) Pursuant to the share consolidation being completed on 22 August 2019, every twenty of the then existing issued and unissued Shares of par value of HK$0.064 each in the share capital of the Company was consolidated into one consolidated share of par value of HK$1.28 each.

(b) 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.

25. SHARE-BASED PAYMENT

(a) Share options

A share option scheme (the "Share Option Scheme") was conditionally approved by the shareholders of the Company (the "Shareholders") (before the consolidation of Shares, which was effective on 22 August 2019) on 26 September 2011 and became effective on the Listing Date. Options comprising 120,016,332 underlying Shares (the "Batch 1 Share Options") (before the consolidation of Shares), were granted under the Share Option Scheme on 15 August 2018. Options comprising 297,044,913 underlying Shares (the "Batch 2 Share Options") (before the consolidation of Shares), were granted under the Share Options Scheme on 19 June 2019.

As at 30 September 2019, Batch 1 Share Options and Batch 2 Share Options were outstanding and all of them are exercisable.

During the six months ended 30 September 2019, no share options were forfeited.

The total fair value of the Batch 1 Share Options granted on 15 August 2018 and Batch 2 Share Options granted on 19 June 2019 calculated by using Binomial Option Pricing Model was HK$2,763,000 and HK$2,116,000 respectively.

As all of share options were fully vested on 19 June 2019 (the date of grant), the one-off share-based payment expense for Batch 2 Share Options of HK$2,116,000 was recognised during the six months ended 30 September 2019.

As all of share options were fully vested on 15 August 2018 (the date of grant), the one-off share-based payment expense for Batch 1 Share Options of HK$2,763,000 was recognised during the six months ended 30 September 2018.

Details of Share Option Scheme are set out in the section headed "Share Option Scheme" in this report.

(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 six months ended 30 September 2018, a sum of approximately HK$26,241,000 has been used to acquire 300,000,000 Shares (before the consolidation of Shares) from the market by the trustee of the Plan. No Shares have been granted to eligible employees under the Plan since its adoption and up to the date of this report.

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 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 report and the announcements of the Company dated 22 June 2018 and 10 July 2018.

26. RELATED PARTY TRANSACTIONS

The Group had the following significant transactions with related parties during the reporting period:

Key management personnel remuneration

Key management of the Group are members of the Board and chief executive of the Company. Key management personnel remuneration includes the following expenses:

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Directors' fees	**120**	120	**240**	240
Salaries, allowances and other benefits	**1,155**	2,349	**2,288**	4,417
Contributions on defined contribution retirement plans	**9**	9	**18**	18
	1,284	2,478	**2,546**	4,675

27. EVENT AFTER REPORTING PERIOD

On 31 October 2019, the Group granted a loan facility of HK$5,000,000 at an interest rate of 36% per annum for a term of three months to a company, for which a guarantor executed a guarantee in favour of the Group. For further details, please refer to the Company's announcement dated 31 October 2019.

Save as disclose in the section headed "Share Consolidation, Capital Reduction and Share Sub-division", the Group does not have any material subsequent event after the reporting period and up to the date of this report.

BUSINESS REVIEW

During the six months ended 30 September 2019, the Group's provision of valuation and advisory services contributed approximately 59.7% 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 30.1% as compared with that for the six months ended 30 September 2018. It was mainly attributable to that the environmental, social and governance ("ESG") reporting service has become a new key driver under the valuation and advisory services segment during the six months ended 30 September 2019.

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 31.8% of the total revenue of the Group for the six months ended 30 September 2019. The Group's interest income generated from provision of financing service for the six months ended 30 September 2019 slightly increased by approximately 7.8% as compared with that for the six months ended 30 September 2018.

In addition, the Group's new segment, provision of securities broking service has started operation during the six months ended 30 September 2019 and it contributed approximately 8.5% of the total revenue to the Group.

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 to certain staff during the six months ended 30 September 2019 to retain high-caliber individuals for their continuous contribution to the Group. The Group always considers its professional teams as the most valuable asset of the Group and offers competitive remuneration package to attract and retain high-caliber individuals.

SHARE CONSOLIDATION, CAPITAL REDUCTION AND SHARE SUB-DIVISION

On 22 July 2019, the Board proposed to implement a capital reorganisation involving share consolidation, capital reduction and share sub-division (the "Capital Reorganisation"). The Capital Reorganisation was approved by the Shareholders at an extraordinary general meeting held on 20 August 2019. The share consolidation became effective on 22 August 2019, and every twenty of the then existing issued and unissued Shares of par value of HK$0.064 each in the share capital of the Company was consolidated into one consolidated share of par value of HK$1.28 each.

On 7 November 2019, the Board announced that (i) a copy of the order confirming the capital reduction and the share sub-division and the minutes approved by the Grand Court of the Cayman Islands containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised with respect to the capital reduction were filed and duly registered with the Registrar of Companies in the Cayman Islands on 6 November 2019 (Cayman Islands time); and (ii) all the other conditions precedent for the implementation of the capital reduction and the share sub-division have been fulfilled. Accordingly, the capital reduction and the share sub-division became effective on 6 November 2019 (Cayman Islands time) or 7 November 2019 (Hong Kong time).

For further details of the Capital Reorganisation, please refer to the announcements of the Company dated 22 July, 20 August, 23 October and 7 November 2019 and its circular dated 25 July 2019.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2019, the Group recorded an increase of approximately 32.6% in revenue as compared with that for the six months ended 30 September 2018. Such increase was mainly attributable to the increases in both the services fee income generated from provision of valuation and advisory services and interest income generated from provision of financing services. In addition, new segment of securities broking service also contributed certain revenue during the six months ended 30 September 2019.

The services fee income generated from provision of valuation and advisory services increased by approximately 30.1% to approximately HK$23.7 million for the six months ended 30 September 2019 from approximately HK$18.2 million for the six months ended 30 September 2018. Such increase was mainly attributable to the increased sales contributed from ESG reporting service for the six months ended 30 September 2019.

The interest income generated from provision of financing services increased slightly by approximately 7.8% to approximately HK$12.6 million for the six months ended 30 September 2019 from approximately HK$11.7 million for the six months ended 30 September 2018. The increase in interest income was mainly attributable to the expansion of loan portfolio during the six months ended 30 September 2019 as compared with that for the six months ended 30 September 2018.

In addition, new segment of securities broking service has started operation and it has contributed approximately HK$3.4 million revenue to the Group during the six months ended 30 September 2019.

Other income

The Group's other income increased by approximately 111.5% for the six months ended 30 September 2019 as compared with that for the six months ended 30 September 2018. It was mainly attributable to the increases in other marketing service income and interest income.

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 6.2% for the six months ended 30 September 2019 as compared with those for the six months ended 30 September 2018. The increase was mainly attributable to rise of the headcounts outweighed the impact of drop of share-based payment. The Group always values the contribution of its professional and management teams and has distributed bonus and granted share options under the Share Option Scheme to certain staff during the six months ended 30 September 2019 to retain high-caliber individuals for continuous contribution to the Group.

Depreciation and amortisation

The Group recorded a significant increase in depreciation and amortisation of approximately 86.1% for the six months ended 30 September 2019 as compared with that for the six months ended 30 September 2018. It was mainly attributable to the additional depreciation of right-of-use assets during the six months ended 30 September 2019 in accordance with the adoption of newly effective HKFRS 16.

Finance costs

The Group's finance costs referred to interest expenses incurred for bank borrowings, finance lease liabilities and lease liabilities. During the six months ended 30 September 2019, more finance costs incurred was due to (i) the higher loan interest rate whereas the bank borrowings amount remained the same as compared with those for the six months ended 30 September 2018 and; (ii) the interest on lease liabilities due to the adoption of HKFRS 16 during the six months ended 30 September 2019.

Other expenses

The Group's other expenses increased by approximately 5.4% for the six months ended 30 September 2019 as compared with those for the corresponding period in 2018. It was mainly attributable to the combined effect of (i) a decrease in operating lease charge; (ii) the increases in consultancy fee and professional fee; and (iii) an increase in exchange loss incurred during the six months ended 30 September 2019.

Profit attributable to owners of the Company

Profit attributable to owners of the Company amounted to approximately HK$0.4 million for the six months ended 30 September 2019 whereas there was loss attributable to owners of the Company of approximately HK$7.6 million for the six months ended 30 September 2018. It was mainly attributable to the combined effect of the increases in (i) the Group's total revenue derived from ESG reporting service and securities broking service; (ii) other income; (iii) employee benefit expense; and (iv) depreciation and amortisation for the six months ended 30 September 2019.

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

Save as disclosed in the section headed "Events After Reporting Period", there was no advance to entity that needs to be disclosed in accordance with Chapter 17 of the GEM Listing Rules during the six months ended 30 September 2019.

USE OF PROCEEDS

The rights issue in 2017

In November 2017, the Company raised fund of net proceeds of approximately HK$258.0 million from its rights issue of 1,874,944,986 Shares (the "RI Proceeds"). Up to the date of this report, approximately HK$135.0 million of the RI Proceeds was utilised for granting of various loans, approximately HK$15.8 million of the RI Proceeds was used for investment in potential business and approximately HK$33.0 million of the 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 RI Proceeds up to the date of this report are set as below.

	Proposed use of the RI proceeds (HK$ in million)	**Actual use of the RI Proceeds up to date of this report** (HK$ in million)
Expansion of the Group's existing financing business	135.0	135.0
Investment in potential businesses	90.0	15.8
General working capital	33.0	33.0
Total	258.0	183.8

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

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.

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. It has started operation and has brought the positive impact on the Group performance during the six months ended 30 September 2019. In addition, the Group 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.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2019, the Group mainly financed its operations with its own working capital and bank borrowings. As at 30 September 2019 and 31 March 2019, the Group had net current assets of approximately HK$342.6 million and HK$306.3 million respectively, including cash and bank balances of general accounts of approximately HK$16.6 million and HK$109.9 million respectively. In addition, there is fixed deposit of approximately HK$84.0 million as at 30 September 2019 (31 March 2019: nil). The Group's pledged bank deposits of approximately HK$109.4 million and HK$108.6 million as at 30 September 2019 and 31 March 2019 respectively represented cash at bank held by the Group and pledged for bank borrowings. The Group's current ratio (current assets divided by current liabilities) decreased from approximately 3.2 as at 31 March 2019 to approximately 2.3 as at 30 September 2019.

As at 30 September 2019 and 31 March 2019, the Group's total bank borrowings amounted to approximately HK$100.0 million. All bank borrowings were denominated in HK$. Details of the bank borrowings of the Group are set out in note 23 to the Interim Financial Statements. The Group's total finance lease liabilities amounted to approximately HK$3.4 million and HK$1.6 million as at 30 September 2019 and 31 March 2019 respectively. The Group's gearing ratio, calculated on the basis of total finance lease liabilities and bank borrowings over total equity, was approximately 0.20 and 0.19 as at 30 September 2019 and 31 March 2019 respectively.

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$2.3 million and HK$4.6 million as at 30 September 2019 and 31 March 2019 respectively. As at 30 September 2019, the Group did not have any capital commitments (31 March 2019: nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 24 to the Interim Financial Statements.

SIGNIFICANT INVESTMENTS

Save for the investment of 19.9% equity interest in Greater China Appraisal as disclosed in note 15 to the Interim Financial Statements, the Group did not hold any significant investments as at 30 September 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed "Use of proceeds" in this report, the Group currently does not have other concrete plans for material investments or capital assets.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the section headed "Significant Investments" and elsewhere in this report, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2019.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2019 (31 March 2019: nil).

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 September 2019, the Group's exposure to currency risk was 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 United States Dollars ("US$"). In the event that RMB appreciates by 3% against HK$, the Group's profit for the six months ended 30 September 2019 will increase by approximately HK$1,000 (31 March 2019: the Group's loss decreased by approximately HK$615,000). On the contrary, if RMB depreciates by 3% against HK$, the Group's profit for the six months ended 30 September 2019 will decrease by approximately HK$1,000 (31 March 2019: the Group's loss increased by approximately HK$615,000). As US$ 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.

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.

PLEDGE OF ASSETS

As at 30 September 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 2019: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019 and 30 September 2018, the Group employed a total of 76 and 65 full-time employees respectively. The Group's total employee benefit expenses were approximately HK$23.8 million and HK$22.4 million for the six months ended 30 September 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 would be offered to those staff with outstanding performance and share options would be granted under the Share Option Scheme and share award would be granted under the Plan to attract and retain eligible employees to contribute to the Group. The Group also provides and arranges on-the-job training for the employees.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved by the Shareholders on 26 September 2011 and became effective on the Listing Date. Options comprising 297,044,913 underlying Shares (before the consolidation of Shares), were granted under the Share Options Scheme on 19 June 2019. The closing price of the Shares immediately before the date on which the options were granted was HK$0.026 per Share.

Details of the options granted under the Share Option Scheme, their movements during the six months ended 30 September 2019 and the options outstanding as at 30 September 2019 were as follows:

	Number of the Shares comprised in the options granted							
	As at 1 April 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 30 September 2019 (Note 3)	Exercise period and vesting period	Subscription price per Share HK$ (Note 3)
Name of Directors								
Yue Kwai Wa Ken ("Mr. Yue")	30,004,083	–	–	–	–	1,500,204	Note 1	1.80
Li Sheung Him Michael ("Mr. Li")	30,004,083	–	–	–	–	1,500,204	Note 1	1.80
Employees	30,004,083	–	–	–	–	1,500,205	Note 1	1.80
Other eligible participants	30,004,083	–	–	–	–	1,500,204	Note 1	1.80
Employees	–	243,036,747	–	–	–	12,151,838	Note 2	1.28
Other eligible participants	–	54,008,166	–	–	–	2,700,408	Note 2	1.28
	120,016,332	297,044,913	–	–	–	20,853,063		

Notes:

1. The options granted under the Share Option Scheme could be exercised at the exercise price of HK$0.0904 at the date of grant, which was not lower than the highest of (a) the closing price of HK$0.086 per Share as stated in the daily quotation sheet issued by the Stock Exchange on 15 August 2018 (i.e. the date of grant); (b) the average closing price of HK$0.0904 per Share as stated in the daily quotation 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 price of the share option was adjusted to HK$1.80 following the share consolidation on 22 August 2019. The exercise period should commence on the date of grant (i.e. 15 August 2018) and end on 14 August 2020.

2. The options granted under the Share Option Scheme could be exercised at the exercise price of HK$0.064 at the date of grant, which was not lower than the highest of (a) the closing price of HK$0.026 per Share as stated in the daily quotation sheet issued by the Stock Exchange on 19 June 2019 (i.e. the date of grant); (b) the average closing price of HK$0.028 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the date of grant; and (c) nominal value of HK$0.064 per Share. The exercise price of the share option was adjusted to HK$1.28 following the share consolidation on 22 August 2019. The exercise period should commence on the date of grant (i.e. 19 June 2019) and end on 18 June 2022.

3. The exercise price and the number of outstanding options have been adjusted with effect from 22 August 2019. Please refer to the Company's announcement dated 27 August 2019 for details.

Save as disclosed above, no options were granted or exercised or cancelled or lapsed during the six months ended 30 September 2019.

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 six months ended 30 September 2018, a sum of approximately HK$26,241,000 has been used to acquire 300,000,000 Shares (before the consolidation of Shares) from the market by the trustee of the Plan. No Shares have been granted to eligible employees under the Plan 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.

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 30 September 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	The Company	Interest of controlled corporation/Corporate interest	15,000,000 (Note 2)	–	11.11%
		Beneficial interest/ Personal interest	–	1,500,204 (Note 3)	1.11%
	Fast and Fabulous Company Limited ("Fast and Fabulous")	Trustee of the Plan/ Others	15,000,000 (Note 2)	–	11.11%
Mr. Li	The Company	Beneficial owner/ Personal interest	–	1,500,204 (Note 3)	1.11%

Notes:

1. The percentage is calculated on the basis of the total number of issued 135,020,415 consolidated Shares as at 30 September 2019.

2. These 15,000,000 Shares were held by Fast and Fabulous, which was the trustee of the Plan of the Company 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.

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 30 September 2019, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares and 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 as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 September 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)/entities 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/ Others	15,000,000 (Note 2)	–	11.11%
Aperto Investments Limited ("Aperto") (Note 3)	Beneficial owner/ Personal interest	13,212,500	–	9.79%
Mr. Luk Kee Yan Kelvin ("Mr. Luk") (Note 3)	Interest of a controlled corporation/ Corporate interest	13,212,500	–	9.79%

Notes:

1. The percentage is calculated on the basis of the total number of issued 135,020,415 consolidated Shares as at 30 September 2019.

2. These 15,000,000 Shares were held by Fast and Fabulous, which was the trustee of the Plan of the Company 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.

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

Save as disclosed above and as at 30 September 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)/entities in the Shares or underlying Shares, which were required: (a) to be disclosed 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.

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

During the six months ended 30 September 2019, 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 such Shares.

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 (the "Required Standard of Dealings").

Having made specific enquiries of all Directors by the Company, all Directors confirmed that they had complied with the Required Standard of Dealings and its code of conduct concerning securities transactions by the Directors during the six months ended 30 September 2019.

CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30 September 2019, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "CG Code") except the following deviation:

Code Provision A.2.1

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

During the six months ended 30 September 2019 and up to the date of this 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.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESSES

None of the Directors or any entity connected with any Director had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group, to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party as at 30 September 2019 or at any time during the six months ended 30 September 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the six months ended 30 September 2019 and up to the date of this 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 businesses of the Group, or had any other conflict of interest with the Group.

EVENTS AFTER REPORTING PERIOD

On 31 October 2019, the Group granted a loan facility of HK$5,000,000 at an interest rate of 36% per annum for a term of three months to a company, for which a guarantor executed a guarantee in favour of the Group. For further details, please refer to the Company's announcement dated 31 October 2019.

Save as disclose above and in the section headed "Share Consolidation, Capital Reduction and Share Sub-division", the Group does not have any material subsequent event after the reporting period and up to the date of this report.

AUDIT COMMITTEE

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

The Audit Committee currently consists of three members, namely Mr. Ko Wai Lun Warren, Ms. Li Tak Yin and Mr. Wong Tat Keung (being the chairman of the Audit Committee), all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed the Interim Financial Statements and this report.

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

Hong Kong, 12 November 2019

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