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ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

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

* For identification purposes only

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2022:

- Revenue decreased to approximately HK\$91.3 million, representing a decrease of approximately 3.0% as compared with that for the year ended 31 March 2021;
- Loss amounted to approximately HK\$34.9 million as compared to the loss of approximately HK\$54.1 million for the year ended 31 March 2021;
- Basic and diluted loss per share attributable to owners of the Company were HK\$0.05; and
- No final dividend has been declared.

ANNUAL RESULTS

The board of Directors (the “Board”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2022 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	91,342	94,134
Other income, other gains and losses	6	8,748	8,975
Change in fair value of investment property	14	600	(1,000)
Employee benefit expenses	7	(43,358)	(42,757)
Depreciation and amortisation	8	(5,021)	(4,949)
Allowance for expected credit losses, net	8	(38,756)	(70,999)
Finance costs	9	(4,353)	(1,865)
Other expenses		(44,266)	(36,449)
Loss before income tax	8	(35,064)	(54,910)
Income tax credit	10	200	828
Loss for the year attributable to owners of the Company		(34,864)	(54,082)
Other comprehensive expense			
Item that will not be reclassified subsequently to profit or loss:			
– Change in fair value of financial asset at fair value through other comprehensive income		–	(1,980)
Total comprehensive expense for the year		(34,864)	(56,062)
		<i>HK\$</i>	<i>HK\$</i>
Loss per share			
– Basic	12	(0.05)	(0.33)
– Diluted	12	(0.05)	(0.33)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>13</i>	4,883	9,195
Investment property	<i>14</i>	10,600	10,000
Intangible assets	<i>15</i>	2,062	3,018
Goodwill	<i>16</i>	4,253	7,373
Loan and interest receivables	<i>18</i>	154,616	114,895
Deposit	<i>20</i>	1,286	1,286
Deferred tax assets		3	3
		<hr/> 177,703	<hr/> 145,770
Current assets			
Loan and interest receivables	<i>18</i>	230,122	220,670
Trade receivables	<i>19</i>	8,580	29,596
Prepayments, deposits, other receivables and contract assets	<i>20</i>	3,147	4,797
Financial assets at fair value through profit or loss	<i>17</i>	–	312
Pledged bank deposits		56,564	49,512
Bank balances and cash – general accounts		8,423	23,410
Bank balances and cash – segregated accounts		673	1,675
Tax recoverable		33	–
		<hr/> 307,542	<hr/> 329,972
Current liabilities			
Trade payables	<i>21</i>	1,276	17,620
Accrued liabilities, other payables and contract liabilities	<i>22</i>	26,775	42,323
Lease liabilities	<i>23</i>	4,579	4,299
Interest-bearing borrowings	<i>24</i>	86,647	65,982
Tax payable		–	14
		<hr/> 119,277	<hr/> 130,238
Net current assets		<hr/> 188,265	<hr/> 199,734
Total assets less current liabilities		<hr/> 365,968	<hr/> 345,504

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities	23	28	4,607
Deferred tax liabilities		289	454
		<u>317</u>	<u>5,061</u>
Net assets		<u>365,651</u>	<u>340,443</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	7,021	1,755
Reserves		358,630	338,688
		<u>365,651</u>	<u>340,443</u>
Total equity		<u>365,651</u>	<u>340,443</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital HK\$'000 (note 25)	Shares held for share award plan* (the "Plan") HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Share option reserve* HK\$'000	Revaluation reserve* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000
Balance as at 1 April 2020	1,350	(26,241)	569,909	10	4,879	(21,220)	(160,991)	367,696
Recognition of share-based payments	-	-	-	-	1,217	-	-	1,217
Placing of shares (note 25(a))	270	-	5,400	-	-	-	-	5,670
Share issuance expenses (note 25(a))	-	-	(163)	-	-	-	-	(163)
Exercise of share options (note 25(b))	135	-	4,592	-	(1,217)	-	-	3,510
Lapse of share options	-	-	-	-	(691)	-	691	-
Share options cancelled	-	-	-	-	(2,834)	-	2,834	-
Purchase of shares for the Plan	-	(3,559)	-	-	-	-	-	(3,559)
Sales of shares held under the Plan	-	29,800	-	-	-	-	(7,666)	22,134
Disposal of financial asset at fair value through other comprehensive income	-	-	-	-	-	23,200	(23,200)	-
Transactions with owners	405	26,241	9,829	-	(3,525)	23,200	(27,341)	28,809
Loss for the year	-	-	-	-	-	-	(54,082)	(54,082)
Other comprehensive expense								
Change in fair value of financial asset at fair value through other comprehensive income	-	-	-	-	-	(1,980)	-	(1,980)
Total comprehensive expense	-	-	-	-	-	(1,980)	(54,082)	(56,062)
Balance as at 31 March 2021 and 1 April 2021	1,755	-	579,738	10	1,354	-	(242,414)	340,443
Issue of shares upon rights issue (note 25(c))	5,266	-	60,555	-	-	-	-	65,821
Share issuance expenses (note 25(c))	-	-	(3,175)	-	-	-	-	(3,175)
Purchase of shares for the Plan	-	(2,574)	-	-	-	-	-	(2,574)
Transactions with owners	5,266	(2,574)	57,380	-	-	-	-	60,072
Loss for the year	-	-	-	-	-	-	(34,864)	(34,864)
Total comprehensive expense	-	-	-	-	-	-	(34,864)	(34,864)
Balance at 31 March 2022	7,021	(2,574)	637,118	10	1,354	-	(277,278)	365,651

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 an investment holding company and its subsidiaries (collectively the “Group”) are principally engaged in the provision of valuation and advisory services, financing services and securities broking, placing and underwriting and investment advisory and asset management services.

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. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant to the Group for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

- ¹ Effective for annual periods beginning on or after 1 January 2022
² Effective for annual periods beginning on or after 1 January 2023
³ Effective for annual periods beginning on or after a date to be determined

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong interpretation 5 (2020)”

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

3. BASIS OF PREPARATION AND PRESENTATION

3.1 Statement of compliance

The consolidated financial statements for the year ended 31 March 2022 (the “Consolidated Financial Statements”) have been prepared in accordance with HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA and the accounting principles generally accepted in Hong Kong.

For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Consolidated Financial Statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include applicable disclosures required by the GEM Listing Rules.

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (“FVTPL”) and investment property, which are measured at fair value.

3.3 Functional and presentation currency

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

4. REVENUE

The Group's principal activities are provision of (i) valuation and advisory services; (ii) financing services; and (iii) securities broking, placing and underwriting and investment advisory and asset management services. An analysis of the Group's revenue for the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Valuation and advisory services	64,028	71,624
Securities broking, placing and underwriting and investment advisory and asset management services	2,162	1,302
Revenue from other sources:		
Interest income from provision of financing services	25,152	21,208
	<u>91,342</u>	<u>94,134</u>

5. SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") has been identified as the Company's executive directors. For the years ended 31 March 2022 and 2021, the executive directors have identified the Group's service lines as reportable and operating segments as follows:

(i) Valuation and advisory services

Provision of asset appraisal and asset advisory services, including real estate and fixed asset appraisal, mineral property appraisal, business and intangible asset valuation, financial instrument valuation and advisory services and environmental, social and governance reporting service.

(ii) Financing services

Provision of financial services including personal loans, commercial loans and mortgage loans to individuals and corporations.

(iii) Securities broking, placing and underwriting and investment advisory and asset management services

Provision of securities broking and trading of securities services to investors, equity and debt securities placing and underwriting services to listed companies, and investment advisory and asset management services to professional investors.

(iv) Other segments

Mainly represents other operations of head office.

(a) Business segments

	Valuation and advisory services <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Securities broking, placing and underwriting and investment advisory and asset management services <i>HK\$'000</i>	Other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2022					
Segment revenue (<i>note (i)</i>)	<u>64,028</u>	<u>25,152</u>	<u>2,162</u>	<u>-</u>	<u>91,342</u>
Segment results (<i>note (ii)</i>)	<u>3,403</u>	<u>(22,641)</u>	<u>(1,934)</u>	<u>(106)</u>	<u>(21,278)</u>
Other segment information					
Depreciation	(86)	(6)	(28)	-	(120)
Amortisation	(653)	-	-	-	(653)
Net impairment loss on loan and interest receivables	-	(29,687)	-	-	(29,687)
Net impairment loss on trade receivables	(2,388)	-	-	-	(2,388)
Net impairment loss on deposits, other receivables and contract assets	-	(6,681)	-	-	(6,681)
Write-off of other receivables	(80)	-	-	-	(80)
Impairment loss on goodwill	(3,120)	-	-	-	(3,120)
Impairment loss on intangible assets	(433)	-	-	-	(433)
Increase in fair value of investment property	-	-	-	600	600
Income tax credit	165	-	35	-	200
Additions to non-current assets (excluding financial instruments)	282	-	-	-	282
Segment assets	<u>17,336</u>	<u>385,025</u>	<u>1,058</u>	<u>10,690</u>	<u>414,109</u>
Segment liabilities	<u>(24,226)</u>	<u>(1,799)</u>	<u>(817)</u>	<u>-</u>	<u>(26,842)</u>

	Valuation and advisory services HK\$'000	Financing services HK\$'000	Securities broking, placing and underwriting and investment advisory and asset management services HK\$'000	Other segments HK\$'000	Total HK\$'000
For the year ended 31 March 2021					
Segment revenue (<i>note (i)</i>)	<u>71,624</u>	<u>21,208</u>	<u>1,302</u>	<u>-</u>	<u>94,134</u>
Segment results (<i>note (ii)</i>)	<u>20,041</u>	<u>(51,452)</u>	<u>(8,810)</u>	<u>(1,449)</u>	<u>(41,670)</u>
Other segment information					
Depreciation	(99)	(6)	(28)	-	(133)
Amortisation	(179)	-	-	-	(179)
Net impairment loss on loan and interest receivables	-	(67,198)	-	-	(67,198)
Net impairment loss on trade receivables	(3,765)	-	-	-	(3,765)
Net impairment loss on deposits, other receivables and contract assets	-	-	-	(36)	(36)
Impairment loss on goodwill	-	-	(3,168)	-	(3,168)
Impairment loss on intangible assets	-	-	(4,944)	-	(4,944)
Decrease in fair value of investment property	-	-	-	(1,000)	(1,000)
Income tax credit/(expense)	15	-	816	(3)	828
Additions to non-current assets (excluding financial instruments)	10,465	7	-	-	10,472
Segment assets	26,236	335,862	19,300	10,105	391,503
Segment liabilities	<u>(39,348)</u>	<u>(406)</u>	<u>(19,957)</u>	<u>(79)</u>	<u>(59,790)</u>

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. 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before income tax		
Reportable segment loss	(21,278)	(41,670)
Unallocated interest income	1,211	862
Unallocated employee benefit expenses	(4,480)	(4,497)
Unallocated depreciation	(4,248)	(4,637)
Unallocated finance costs	(4,353)	(1,865)
Unallocated other expenses	(1,682)	(2,719)
Unallocated change in fair value of financial assets at FVTPL	(234)	(384)
	<u>(35,064)</u>	<u>(54,910)</u>
Consolidated loss before income tax	<u>(35,064)</u>	<u>(54,910)</u>
Assets		
Reportable segment assets	414,109	391,503
Unallocated property, plant and equipment	4,679	8,877
Unallocated financial assets at FVTPL	–	312
Unallocated pledged bank deposits	56,564	49,512
Unallocated deposit	1,286	1,286
Unallocated bank balances and cash	8,423	23,410
Unallocated corporate assets	184	842
	<u>485,245</u>	<u>475,742</u>
Consolidated total assets	<u>485,245</u>	<u>475,742</u>
Liabilities		
Reportable segment liabilities	(26,842)	(59,790)
Unallocated lease liabilities	(4,607)	(8,906)
Unallocated interest-bearing borrowings	(86,647)	(65,982)
Unallocated corporate liabilities	(1,498)	(621)
	<u>(119,594)</u>	<u>(135,299)</u>
Consolidated total liabilities	<u>(119,594)</u>	<u>(135,299)</u>

(c) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by timing over revenue recognition (under HKFRS 15). The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Valuation and advisory services <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Securities broking, placing and underwriting and investment advisory and asset management services <i>HK\$'000</i>	Other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2022					
– At a point in time	64,028	–	1,875	–	65,903
– Over time	–	–	287	–	287
	<u>64,028</u>	<u>–</u>	<u>2,162</u>	<u>–</u>	<u>66,190</u>
For the year ended 31 March 2021					
– At a point in time	71,624	–	645	–	72,269
– Over time	–	–	657	–	657
	<u>71,624</u>	<u>–</u>	<u>1,302</u>	<u>–</u>	<u>72,926</u>

(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 2022 and 2021, none of the customers contributed 10% or more of the revenue of the Group.

6. OTHER INCOME, OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Bank interest income	1,211	862
Reimbursement of expenses	216	299
Rental income	216	216
Other marketing service income	697	3,482
Government grant (<i>note</i>)	750	3,621
Sundry income	341	609
	<u>3,431</u>	<u>9,089</u>
Other gains and losses		
Gain on disposal of subsidiaries	3,445	–
Exchange gain, net	2,184	270
Net fair value loss on financial assets at FVTPL	(312)	(384)
	<u>5,317</u>	<u>(114)</u>
	<u><u>8,748</u></u>	<u><u>8,975</u></u>

Note: During the year ended 31 March 2022, the Group received funding support amounting to HK\$750,000 (2021: nil) from “Dedicated Fund on Branding, Upgrading and Domestic Sales” set up by Hong Kong Government. The purpose of the funding is to provide financial support to enterprises in exploring more diversified markets.

During the year ended 31 March 2021, the Group received funding support amounting to HK\$3,400,000 (2022: nil) from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries and allowances	40,626	39,006
Contributions to defined contribution retirement plans	1,193	1,170
Share-based payments	–	1,217
Other benefits	1,539	1,364
	<u>43,358</u>	<u>42,757</u>

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration (<i>note</i>)	560	650
Depreciation:		
– Owned assets	190	251
– Right-of-use assets	4,178	4,519
Amortisation of intangible assets	653	179
Allowance for expected credit losses, net:		
– Loan and interest receivables (<i>note 18</i>)	29,687	67,198
– Trade receivables (<i>note 19</i>)	2,388	3,765
– Deposits, other receivables and contract assets (<i>note 20</i>)	6,681	36
Write-off of other receivables (<i>note</i>)	80	–
Consultancy fee (<i>note</i>)	11,949	7,841
Impairment loss (<i>note</i>):		
– Goodwill (<i>note 16</i>)	3,120	3,168
– Intangible assets (<i>note 15</i>)	433	4,944
Professional fee (<i>note</i>)	9,423	3,108
Marketing and business development expenses (<i>note</i>)	4,934	4,650
Lease charges for short-term leases (<i>note</i>)	737	750
	<u>4,353</u>	<u>1,865</u>

Note: These expenses are included in “other expenses” in the consolidated statement of profit or loss and other comprehensive income.

9. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	576	662
Interest on other borrowings	3,634	991
Finance charges on lease liabilities	143	212
	<u>4,353</u>	<u>1,865</u>

10. INCOME TAX CREDIT

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% (2021: 8.25%), and profits above HK\$2 million will be taxed at 16.5% (2021: 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% (2021: 16.5%).

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Hong Kong profits tax		
Current year	–	3
Over-provision in respect of prior year	(35)	–
Deferred tax		
Origination and reversal of temporary differences	<u>(165)</u>	<u>(831)</u>
Total income tax credit	<u><u>(200)</u></u>	<u><u>(828)</u></u>

11. DIVIDEND

The Board has resolved not to recommend the payment of any dividend for the year ended 31 March 2022 (2021: nil).

12. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(34,864)</u>	<u>(54,082)</u>
Number of shares (thousands)		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>666,165</u>	<u>161,494</u>

Notes:

- (a) The weighted average number of ordinary shares for the years ended 31 March 2022 and 2021 has been adjusted to reflect the shares held for the Plan during both years and the rights issue completed on 19 April 2021.
- (b) The diluted loss per share for the years ended 31 March 2022 and 2021 was the same as the basic loss per share as all the potential ordinary shares were anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT

	Office premise <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
As at 1 April 2020	4,458	3,407	1,473	7,964	17,302
Additions	–	126	126	–	252
Lease modification	12,237	–	–	–	12,237
Written-off	(4,458)	–	–	–	(4,458)
	<u>12,237</u>	<u>3,533</u>	<u>1,599</u>	<u>7,964</u>	<u>25,333</u>
As at 31 March 2021 and 1 April 2021	12,237	3,533	1,599	7,964	25,333
Additions	–	49	103	–	152
Disposal of subsidiaries (<i>note 26</i>)	–	–	(150)	–	(150)
	<u>–</u>	<u>–</u>	<u>(150)</u>	<u>–</u>	<u>(150)</u>
As at 31 March 2022	<u>12,237</u>	<u>3,582</u>	<u>1,552</u>	<u>7,964</u>	<u>25,335</u>
Accumulated depreciation					
As at 1 April 2020	4,458	3,307	1,148	6,913	15,826
Depreciation	3,739	118	133	780	4,770
Written-off	(4,458)	–	–	–	(4,458)
	<u>3,739</u>	<u>3,425</u>	<u>1,281</u>	<u>7,693</u>	<u>16,138</u>
As at 31 March 2021 and 1 April 2021	3,739	3,425	1,281	7,693	16,138
Depreciation	4,079	69	121	99	4,368
Disposal of subsidiaries (<i>note 26</i>)	–	–	(54)	–	(54)
	<u>–</u>	<u>–</u>	<u>(54)</u>	<u>–</u>	<u>(54)</u>
As at 31 March 2022	<u>7,818</u>	<u>3,494</u>	<u>1,348</u>	<u>7,792</u>	<u>20,452</u>
Net book value					
As at 31 March 2022	<u>4,419</u>	<u>88</u>	<u>204</u>	<u>172</u>	<u>4,883</u>
As at 31 March 2021	<u>8,498</u>	<u>108</u>	<u>318</u>	<u>271</u>	<u>9,195</u>

As at 31 March 2022, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Carrying amount		Depreciation	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Office premise	4,419	8,498	4,079	3,739
Motor vehicles	172	271	99	780
	<u>4,591</u>	<u>8,769</u>	<u>4,178</u>	<u>4,519</u>
Total	<u>4,591</u>	<u>8,769</u>	<u>4,178</u>	<u>4,519</u>

During the year ended 31 March 2022, there are no additions to right-of-use assets included in property, plant and equipment (2021: nil except for a lease modification). The details in relation to these leases are set out in note 23.

14. INVESTMENT PROPERTY

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
As at 1 April	10,000	11,000
Increase/(decrease) in fair value	600	(1,000)
As at 31 March	<u>10,600</u>	<u>10,000</u>

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

Investment property was revalued on 31 March 2022 and 2021 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 years ended 31 March 2022 and 2021. 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 years ended 31 March 2022 and 2021, there were no transfers between level 1 and level 2, or transfer into or out of level 3.

As at 31 March 2022, the Group's investment property with carrying amount of HK\$10,600,000 (2021: HK\$10,000,000) was pledged for securing an other borrowing of HK\$6,565,000 (2021: HK\$6,500,000) (note 24(b)).

15. INTANGIBLE ASSETS

	Licenses <i>HK\$'000</i>	Customer relationship <i>HK\$'000</i>	Database <i>HK\$'000</i>	Accounting and management software <i>HK\$'000</i>	Valuation software <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
As at 1 April 2020	4,944	4,200	15,400	488	6,059	31,091
Acquisitions of subsidiaries	–	2,847	–	–	–	2,847
As at 31 March 2021 and 1 April 2021	4,944	7,047	15,400	488	6,059	33,938
Additions	–	–	–	130	–	130
As at 31 March 2022	4,944	7,047	15,400	618	6,059	34,068
Accumulated amortisation						
As at 1 April 2020	–	3,616	3,978	138	4,016	11,748
Amortisation	–	95	–	84	–	179
As at 31 March 2021 and 1 April 2021	–	3,711	3,978	222	4,016	11,927
Amortisation	–	569	–	84	–	653
As at 31 March 2022	–	4,280	3,978	306	4,016	12,580
Accumulated impairment						
As at 1 April 2020	–	584	11,422	–	2,043	14,049
Impairment loss	4,944	–	–	–	–	4,944
As at 31 March 2021 and 1 April 2021	4,944	584	11,422	–	2,043	18,993
Impairment loss	–	433	–	–	–	433
As at 31 March 2022	4,944	1,017	11,422	–	2,043	19,426
Net book value						
As at 31 March 2022	–	1,750	–	312	–	2,062
As at 31 March 2021	–	2,752	–	266	–	3,018

For the purpose of impairment testing, intangible assets have been included in the CGUs of 13 Consultant Limited (“13 Consultant”) and AVA Appraisals Limited (“AVA Appraisals”) which were acquired during the year ended 31 March 2021.

The customer relationship of approximately HK\$2,281,000 and HK\$566,000 attributable to the acquisitions of 13 Consultant and AVA Appraisals during the year ended 31 March 2021 are both amortised on a straight line basis over the expected useful life of 5 years. The useful life of the customer relationship is determined with reference to the estimated future revenue from the customer relationship which is based on financial budgets approved by management. Management is of the view that the future economic benefits that can be derived from the customer relationship beyond the expected useful life are insignificant.

The fair values of the customer relationship of 13 Consultant and AVA Appraisals amounted to approximately HK\$2,281,000 and HK\$566,000, respectively, at the date of business combination, were measured using the excess earning method under the income approach. The valuations were performed by independent qualified professional valuers and with appropriate qualification and experience in the valuation of similar assets in the relevant industry. The calculations are based on the present value of the cash flow projections attributable to the customer relationship of 13 Consultant and AVA Appraisals both covering a 5-year period at pre-tax discount rate of 19.22% and 20.18%, respectively. The annual cash flow is calculated by reference to the latest applicable financial budget approved by the management. The key assumptions for the value-in-use calculation include budgeted operating profit margin and revenue, which are determined based on management's expectations regarding the market development.

During the year ended 31 March 2021, the Group conducted a review on the recoverable amounts of 13 Consultant and AVA Appraisals based on value-in-use calculations with reference from the cash flow projections and no impairment loss had been recognised during the year ended 31 March 2021.

During the year ended 31 March 2022, the Group reviewed the recoverable amounts of the customer relationship of 13 consultant and AVA Appraisals based on value in use calculations with reference from the cash flow projections from formally approved budgets covering a five-year period and recognised an impairment loss of approximately HK\$433,000 in relation to the customer relationship of AVA Appraisals in profit or loss for the year ended 31 March 2022. As at 31 March 2022, the customer relationship of AVA Appraisals is fully impaired. No impairment loss in relation to the customer relationship of 13 Consultant has been recognised for the year ended 31 March 2022. Further details on impairment assessment of the CGUs of 13 Consultant and AVA Appraisals are set out in note 16(a) and note 16(b), respectively.

16. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net carrying amount:		
As at 1 April	7,373	3,168
Acquisitions of subsidiaries	–	7,373
Impairment loss	<u>(3,120)</u>	<u>(3,168)</u>
As at 31 March	<u><u>4,253</u></u>	<u><u>7,373</u></u>

The carrying amount of goodwill, net of any impairment loss, is allocated to the following CGUs:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net carrying amount:		
13 Consultant (<i>note (a)</i>)	4,253	5,820
AVA Appraisals (<i>note (b)</i>)	<u>–</u>	<u>1,553</u>
	<u><u>4,253</u></u>	<u><u>7,373</u></u>

Notes:

- (a) The recoverable amounts of the goodwill relating to 13 Consultant has been determined by value-in-use calculation based on the respective cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated growth rate of 2.5%.

	2022	2021
Discount rate	18.0%	18.4%
Operating margin*	(39%)–43%	47%–52%
Growth rate within the five-year period	8%–15%	3%–18%

The discount rate used is pre-tax and reflect specific risks relating to 13 Consultant. The operating margin and growth rate within the five-year period have been based on management expectation regarding the market development. During the year ended 31 March 2022, due to the expected decrease in customers' demand as a result of the COVID-19 outbreak, the recoverable amount of the CGU was reduced and accordingly, an impairment loss of goodwill with amount approximately of HK\$1,567,000 was recognised for the year ended 31 March 2022.

- (b) The recoverable amounts of the goodwill relating to AVA Appraisals has been determined by value-in-use calculation based on the respective cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated growth rate of 2.5%.

	2022	2021
Discount rate	17.5%	18.5%
Operating margin*	N/A [^]	50%–60%
Growth rate within the five-year period	0%	3%–9%

The discount rate used is pre-tax and reflect specific risks relating to AVA Appraisals. The operating margin and growth rate within the five-year period have been based on management expectation regarding the market development. During the year ended 31 March 2022, due to the expected decrease in customers' demand as a result of the COVID-19 outbreak, the recoverable amount of the CGU was reduced to nil and accordingly, an impairment loss of goodwill with amount approximately of HK\$1,553,000 was recognised for the year ended 31 March 2022.

* defined as (loss)/profit before income tax expense divided by revenue

[^] No expected revenue during the forecast period.

17. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK\$'000	2021 HK\$'000
Equity investments – listed in Hong Kong	–	234
Other derivatives	–	78
	<u>–</u>	<u>312</u>

18. LOAN AND INTEREST RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan and interest receivables	626,127	578,203
Less: ECL allowance	<u>(241,389)</u>	<u>(242,638)</u>
	384,738	335,565
Less: Non-current portion loan and interest receivables	<u>(154,616)</u>	<u>(114,895)</u>
	<u><u>230,122</u></u>	<u><u>220,670</u></u>

As at 31 March 2022, loan and interest receivables with an aggregate carrying amount of approximately HK\$74,256,000 (2021: approximately HK\$74,456,000) 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 6%–48% per annum (2021: approximately 8%–48% per annum).

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 year	230,122	220,670
1 to 5 years	<u>154,616</u>	<u>114,895</u>
	<u><u>384,738</u></u>	<u><u>335,565</u></u>

The table below reconciles the ECL allowance on loan and interest receivables for the year:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance as at 1 April	242,638	176,590
ECL allowance recognised	53,928	72,504
ECL allowance reversed	(24,241)	(5,306)
Written-off	<u>(30,936)</u>	<u>(1,150)</u>
Balance as at 31 March	<u><u>241,389</u></u>	<u><u>242,638</u></u>

19. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables arising from:		
Valuation and advisory business		
– Third parties	12,951	23,643
– Less: ECL allowance	<u>(4,394)</u>	<u>(9,061)</u>
	8,557	14,582
Securities broking business		
– A third party	<u>23</u>	<u>15,014</u>
	<u><u>8,580</u></u>	<u><u>29,596</u></u>

Trade receivables mainly arise from valuation and advisory services and securities broking services.

Valuation and advisory business

Invoices issued to customers are in accordance with the payment terms stipulated in the contracts and payable on issuance. The ageing analysis of trade receivables (net of ECL allowance) based on invoice date at the end of reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	4,082	8,658
31 to 60 days	946	1,850
61 to 90 days	535	892
91 to 180 days	1,343	1,587
181 to 360 days	<u>1,651</u>	<u>1,595</u>
	<u><u>8,557</u></u>	<u><u>14,582</u></u>

The table below reconciles the ECL allowance on trade receivables for the year:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance as at 1 April	9,061	22,984
ECL allowance recognised	2,545	3,981
ECL allowance reversed	(157)	(216)
Disposal of subsidiaries	(303)	–
Written-off	<u>(6,752)</u>	<u>(17,688)</u>
Balance as at 31 March	<u><u>4,394</u></u>	<u><u>9,061</u></u>

Securities broking business

As at 31 March 2021, trade receivables arising from securities broking business represented the receivables from subscription of initial public offering (“IPO”) shares for a brokerage client. The Group charges interest based on its cost of funding plus a mark-up. No ageing analysis is disclosed as the ageing analysis does not give additional value in view of the nature of this business.

20. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND CONTRACT ASSETS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract assets	–	5
Prepayments	806	1,650
Deposits	1,926	1,848
Other receivables	9,582	3,780
	<u>12,314</u>	<u>7,283</u>
Total prepayments, deposits, other receivables and contract assets	12,314	7,283
Less: ECL allowance	(7,881)	(1,200)
	<u>4,433</u>	<u>6,083</u>
Less: Non-current portion deposit	(1,286)	(1,286)
	<u>3,147</u>	<u>4,797</u>

The table below reconciles the ECL allowance on deposits, other receivables and contract assets for the year:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance as at 1 April	1,200	41,489
ECL allowance recognised	6,681	36
Written-off	–	(40,325)
	<u>7,881</u>	<u>1,200</u>
Balance as at 31 March	<u>7,881</u>	<u>1,200</u>

21. TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables arising from:		
Securities broking business		
– Brokerage clients	666	1,673
– A broker	–	15,014
	<u>666</u>	<u>16,687</u>
Valuation and advisory business	610	933
	<u>1,276</u>	<u>17,620</u>

Notes:

- (a) Trade payables arising from securities broking business represent (i) the monies received from and repayable to brokerage clients and (ii) payable to a broker for IPO shares subscription.

Trade payables to brokers are interest-bearing at the prevailing interest rate and repayable on demand. As at 31 March 2021, trade payable to a broker is interest-bearing at 3.38% and repayable upon the successful subscription.

No ageing analysis is disclosed as the ageing analysis does not give additional value in view of the nature of this business.

- (b) During the year ended 31 March 2022, the Group was granted by its suppliers credit periods ranging from 0 to 30 (2021: 0 to 30) days. The ageing analysis of the trade payables arising from valuation and advisory business based on invoice date at the end of reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	41	736
31 to 60 days	89	82
61 to 90 days	116	33
91 to 180 days	119	82
180 to 360 days	225	–
Over 360 days	20	–
	<u>610</u>	<u>933</u>

22. ACCRUED LIABILITIES, OTHER PAYABLES AND CONTRACT LIABILITIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accrued liabilities and other payables	5,010	5,573
Contract liabilities (<i>note</i>)	<u>21,765</u>	<u>36,750</u>
	<u>26,775</u>	<u>42,323</u>

Note:

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying valuation and advisory services are yet to be provided. The Group generally requires the customers to make up to certain percentage of the total contract value upon signing of service contract.

The Group recognises the contract liabilities as revenue when the underlying services are completed. Contract liabilities outstanding at the beginning of the year amounting to HK\$24,244,000 (2021: HK\$30,350,000) have been recognised as revenue during the year.

The Group has elected the practical expedient for not to disclose the transaction price allocated to the remaining unsatisfied performance obligation because part of these contracts has original expected duration of one year or less.

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

23. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Total minimum lease payments:		
Due within one year	4,631	4,443
Due within two to five years	28	4,659
	4,659	9,102
Less: future finance charges	(52)	(196)
Present value of lease liabilities	4,607	8,906
Present value of minimum lease payments:		
Due within one year	4,579	4,299
Due within two to five years	28	4,607
	4,607	8,906
Less: payment due within one year included under current liabilities	(4,579)	(4,299)
Payment due after one year included under non-current liabilities	28	4,607

As at 31 March 2022, lease liabilities amounting to HK\$4,607,000 (2021: HK\$8,906,000) are effectively secured by the related underlying assets (note 13) as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

During the year ended 31 March 2022, the total cash outflow for the leases (including short-term leases) are HK\$5,179,000 (2021: HK\$4,932,000).

Details of the lease activities

At the reporting date, the Group has entered into leases for the items listed as follows:

Types of right-of-use assets	Number of leases		Range of remaining lease term		Particulars
	2022	2021	2022	2021	
Motor vehicles	1	1	1.3 years	2.3 years	Subject to monthly fixed payment
Office premise	1	1	1.1 years	2.1 years	Subject to monthly fixed payment

24. INTEREST-BEARING BORROWINGS

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Current			
Bank borrowings repayable within one year	<i>(a)</i>	49,212	43,212
Other borrowings	<i>(b)</i>	37,435	22,770
		86,647	65,982

Notes:

(a) Bank borrowings

As at 31 March 2022, the bank borrowings of HK\$49,212,000 (2021: HK\$43,212,000) were secured by bank deposits of HK\$56,564,000 (2021: HK\$49,512,000) placed in a bank. Interest is charged at Hong Kong Inter-bank Offered Rate +1% and bank cost of fund +0.9% (2021: London Inter-bank Offered Rate +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 were to breach the covenants, the drawn down facility would become repayable on demand.

As at 31 March 2022 and 2021, 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.

(b) Other borrowings

As at 31 March 2022, the other borrowings of HK\$30,870,000 (2021: HK\$16,270,000) are unsecured, interest-bearing at the range from 5% to 15% (2021: 1.5% to 5%) per annum and repayable within one year. Another other borrowings with amount of HK\$6,565,000 (2021: HK\$6,500,000) is secured by the Group's investment property (note 14), interest-bearing at 12.0% (2021: 13.8%) per annum and repayable within one year.

25. SHARE CAPITAL

	Number of ordinary shares at HK\$0.01 each	HK\$'000
Authorised:		
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	57,600,000,000	576,000
Issued:		
As at 1 April 2020	135,020,415	1,350
Placing of shares (<i>note (a)</i>)	27,000,000	270
Exercise of share options (<i>note (b)</i>)	13,500,000	135
As at 31 March 2021 and 1 April 2021	175,520,415	1,755
Issue of shares upon rights issue (<i>note (c)</i>)	526,561,245	5,266
As at 31 March 2022	702,081,660	7,021

Notes:

- (a) On 12 May 2020, the Company completed a placing of 27,000,000 new shares to independent investors at a price of HK\$0.21 per placing share (the “Placing”) and raised gross proceeds of HK\$5,670,000, of which HK\$270,000 was credited to share capital account and the balance of HK\$5,400,000 was credited to share premium account of the Company.

Share issuance expenses (mainly include the placing commission and other related expenses) that are directly attributable to the Placing amounting to HK\$163,000 was treated as a deduction against the share premium account arising of the Placing.

- (b) During the year ended 31 March 2021, options were exercised to subscribe for 13,500,000 ordinary shares of the Company at a consideration of HK\$3,510,000, of which HK\$135,000 was credited to share capital and the balance of HK\$3,375,000 was credited to the share premium account. As a result of the exercise of options, amount of HK\$1,217,000 has been transferred from the share option reserve to the share premium account.
- (c) On 19 April 2021, the Company issued 526,561,245 ordinary shares upon completion of the rights issue on the basis of three rights share for one existing share held by shareholders of the Company at a subscription price of HK\$0.125 per rights share. The gross proceeds from the rights issue were approximately HK\$65,821,000. The net proceeds after deducting estimated professional fees and related expenses of approximately HK\$3,175,000 were approximately HK\$62,646,000.

26. DISPOSAL OF SUBSIDIARIES

On 16 March 2022, an indirect wholly-owned subsidiary of the Company, Charleton Holdings Limited, entered into a sales and purchase agreement with an independent third party, pursuant to which the Group agree to dispose of 100% interest in Lucky Time Ventures Limited together with its wholly owned subsidiaries, Roma Risk Advisory Limited and Roma Advisory Pte. Ltd. (collectively referred to as “Roma Risk advisory Group”) at a consideration of HK\$1,000,000. The disposal was completed on 30 March 2022.

The assets and liabilities of Roma Risk advisory Group on the completion date of disposal:

	<i>HK\$'000</i>
Property and equipment	96
Trade receivables	3,016
Prepayments, deposits and other receivables	454
Bank balances and cash	308
Trade payables	(1,339)
Accrued liabilities and other payables	(4,980)
	<u>(2,445)</u>
Gain on disposal of subsidiaries:	
Net consideration received	1,000
Net liabilities disposed of	2,445
	<u>3,445</u>
Satisfied by:	
Cash consideration received	<u>1,000</u>
Net cash inflows on disposal:	
Cash consideration received	1,000
Bank balances and cash disposed of	(308)
	<u>692</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2022, the Group's revenue was approximately HK\$91.3 million, representing a slightly decrease of approximately 3.0% compared with that for the year ended 31 March 2021, in spite of the continuing impact on the business environment and global economy caused by the COVID-19 pandemic.

The Group aims to provide all-rounded with high quality service to its customers so as to sustain its growth.

During the year ended 31 March 2022, the Group has disposed the wholly owned subsidiaries with loss making position, which are principally engaged in provision of environmental, social and governance reporting as well as other risk advisory services, in order to streamline the Group's corporate and business structure and to make best use of its resources to improve its overall performance.

The Group distributed discretionary bonus to staff during the year ended 31 March 2022 to retain high-calibre 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-calibre individuals.

FINANCIAL REVIEW

Revenue

During the year ended 31 March 2022, the Group recorded a slightly decrease of approximately 3.0% in revenue as compared with that for the year ended 31 March 2021. Such decrease was mainly attributable to the decreases in the services fee income generated from provision of valuation and advisory services, which outweighed the increase in interest income and services income generated from provision of financing services and the segment of securities broking, placing and underwriting and investment advisory and asset management services, respectively.

During the year ended 31 March 2022, the Group's provision of valuation and advisory services contributed approximately 70.1% of the total revenue to the Group. The services fee income generated from provision of valuation and advisory services decreased by 10.6% to approximately HK\$64.0 million for the year ended 31 March 2022 from approximately HK\$71.6 million for the year ended 31 March 2021. Such decrement was mainly attributable to the impact of the decrease in number of projects outweighing the impact of the increase of average project contract sums.

The Group's provision of financing services contributed approximately 27.5% of the total revenue of the Group for the year ended 31 March 2022. The interest income generated from provision of financing services increased by approximately 18.6% to HK\$25.2 million for the year ended 31 March 2022 from approximately HK\$21.2 million for the year ended 31 March 2021. The increase in interest income was mainly attributable to the increase of loan portfolios size during the year ended 31 March 2022 as compared with that for the year ended 31 March 2021.

The segment of securities broking, placing and underwriting and investment advisory services commenced operation in recent years. This relatively new segment accounted for approximately 2.4% of the Group's total revenue for the year ended 31 March 2022. The income generated from this segment significantly increased to approximately HK\$2.2 million for the year ended 31 March 2022 from approximately HK\$1.3 million for the year ended 31 March 2021. The rise was mainly attributable to more brokerage income recorded and commission income generated from a completed underwriting engagement during the year ended 31 March 2022.

Other income, other gains and losses

The Group's other income, other gains and losses slightly decreased by approximately 2.5% for the year ended 31 March 2022 as compared with that for the year ended 31 March 2021. It was mainly attributable to the combined effects (i) one off gain of disposal of subsidiaries amounted to approximately HK\$3.5 million during the year ended 31 March 2022; (ii) government subsidies in relation to the employee support scheme granted during the year ended 31 March 2021 whereas no such subsidies granted during year ended 31 March 2022.

Employee benefit expenses

Employee benefit expenses mainly consisted of wages and salaries, discretionary bonus, pension costs and other benefits to the Directors and the staff. The Group's employee benefit expenses slightly increased by approximately 1.4% for the year ended 31 March 2022 as compared with those for the year ended 31 March 2021. The Group always values the contribution of its professional and management teams and has distributed bonus during the year ended 31 March 2022 to retain high-caliber individuals for continuous contribution to the Group.

Depreciation and amortisation

The Group recorded a slightly increase in depreciation and amortisation of approximately 1.5% for the year ended 31 March 2022 as compared with that for the year ended 31 March 2021.

Finance costs

The Group's finance costs referred to interest expense incurred for bank borrowings, other borrowings and lease liabilities. During the year ended 31 March 2022, increase in finance cost was in line with additions of other borrowings for operational needs as compared to the year ended 31 March 2021.

Other expenses

The Group's other expenses increased by approximately 21.4% for the year ended 31 March 2022 as compared with those for the year ended 31 March 2021. Such increase was mainly attributable to (i) increase in the professional fee and consultancy fee during the year ended 31 March 2022 as the Group has engaged contracting services to better support the operation and growth of business outweighed the (ii) decrease in impairment loss of intangible asset and impairment loss of goodwill during the year ended 31 March 2022 as compared with those for the year ended 31 March 2021.

Loss attributable to owners of the Company

Loss attributable to owners of the Company amounted to approximately HK\$34.9 million for the year ended 31 March 2022, which decreased by approximately HK\$19.2 million as compared to the loss attributable to owners of the Company of approximately HK\$54.1 million for the year ended 31 March 2021. The decrease was mainly attributable to the (i) decrease in impairment loss on loan and interest receivables; and (ii) one off gain of disposal of subsidiaries during the year ended 31 March 2022; outweighed the impact of decrease in the Group's total revenue for the year ended 31 March 2022.

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

During the year ended 31 March 2022, none of the financial assistance provided by the Group constituted "discloseable transaction" under Chapter 19 of the GEM Listing Rules and "advances to entity" which requires disclosure pursuant to Chapter 17 of the GEM Listing Rules.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2022, the Group mainly financed its operations with its own working capital as well as bank and other borrowings. As at 31 March 2022 and 31 March 2021, the Group had net current assets of approximately HK\$188.3 million and HK\$199.7 million, respectively, including cash and bank balances of general accounts amounted to approximately HK\$8.4 million and HK\$23.4 million, respectively. The Group's pledged bank deposits of approximately HK\$56.6 million as at 31 March 2022 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 2.6 and 2.5 as at 31 March 2022 and 31 March 2021, respectively.

As at 31 March 2022 and 31 March 2021, the Group's total bank borrowings amounted to approximately HK\$49.2 million and HK\$43.2 million, respectively. All bank borrowings were denominated in United States Dollars ("US\$") and Hong Kong Dollars as at 31 March 2022. Details of the bank borrowings of the Group are set out in note 24 to the consolidated financial statements of this announcement. As at 31 March 2022, the Group's other borrowings amounted to approximately HK\$37.4 million (31 March 2021: HK\$22.8 million), of which HK\$6.6 million (31 March 2021: 6.5 million) was secured by the Group's investment property. As at 31 March 2022 and 31 March 2021, the Group's total lease liabilities amounted to approximately HK\$4.6 million and HK\$8.9 million, respectively. The Group's gearing ratio (lease liabilities and interest-bearing borrowings divided by total equity) increased to approximately 0.25 as at 31 March 2022 from approximately 0.22 as at 31 March 2021.

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 short-term lease commitments amounted to approximately HK\$84,000 and HK\$84,000 as at 31 March 2022 and 31 March 2021, respectively. As at 31 March 2022, the Group did not have any capital commitments (31 March 2021: nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in the consolidated financial statements in this announcement in note 25.

SIGNIFICANT INVESTMENTS

Save as disclosed in this announcement, the Group did not hold any significant investments as at 31 March 2022.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2022 (31 March 2021: nil).

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2022, the Group's exposure to currency risk was limited to its bank balances and bank deposits denominated in Renminbi ("RMB") as a majority of the Group's transactions, monetary assets and liabilities are denominated in HK\$ and US\$. In the event that RMB appreciated by 10% (2021: 10%) against HK\$, the Group's loss for the year ended 31 March 2022 would decrease by approximately HK\$3.8 million (2021: the Group's loss decreased by approximately HK\$3.5 million). On the contrary, if RMB depreciated by 10% (2021: 10%) against HK\$, the Group's loss for the year ended 31 March 2022 would increase by approximately HK\$3.8 million (2021: the Group's loss increased by approximately HK\$3.5 million). 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 2022 and 2021, save for the pledged bank deposits, pledged investment property and motor vehicles acquired under leases, the Group did not pledge any of its assets as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022 and 2021, the Group employed a total of 62 and 80 full-time employees, respectively. The Group's total employee benefit expenses were approximately HK\$43.4 million and HK\$42.8 million for the years ended 31 March 2022 and 2021, 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 as incentive to retain staff with outstanding performance, who are contributive to the growth of the Group. The Company adopted a new share option scheme on 27 September 2021 and the Plan on 22 June 2018 as incentives to the Directors (in relation to the share option scheme only) and the eligible participants. The Group also provides and arranges on-the-job training for the employees.

CAPITAL STRUCTURE

The rights issue in 2021

In April 2021, the Company raised fund of net proceeds of approximately HK\$62.6 million from its rights issue of 526,561,245 Shares (the “2021 RI Proceeds”) on the basis of three (3) rights shares for every one (1) existing Share held on the record date at the subscription price of HK\$0.125 per rights share. Up to 31 March 2022, (i) approximately HK\$47.1 million of the 2021 RI Proceeds was used for enrichment of working capital for operation and expansion of existing business, (ii) approximately HK\$15.5 million of the 2021 RI Proceeds was used for repayment of outstanding debts. The proposed and actual use of the 2021 RI Proceeds up to 31 March 2022 are set as below.

	Proposed use of the 2021 RI Proceeds (HK\$ in million)	Actual use of the 2021 RI Proceeds during the year (HK\$ in million)	Unutilised 2021 RI Proceeds as at 31 March 2022 (HK\$ in million)
Enrichment of working capital for operation and expansion of existing business	Not less than 42.0	47.1	–
Repayment of outstanding debts	Not less than 15.5	15.5	–
Acquisition of and/or investment in business	Not less than 5.1	–	–
Total	<u>62.6</u>	<u>62.6</u>	<u>–</u>

The rights issue in 2017

In November 2017, the Company raised net funds of approximately HK\$258.0 million from its rights issue of 1,874,944,986 shares (the “2017 RI Proceeds”). Up to 31 March 2022, approximately HK\$135.0 million of the 2017 RI Proceeds was utilised for the granting of various loans, approximately HK\$27.0 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 in cash at a licensed bank in Hong Kong. The proposed and actual use of the 2017 RI Proceeds up to 31 March 2022 are set as below.

	Proposed use of the 2017 RI Proceeds (HK\$ in million)	Actual use of the 2017 RI Proceeds from the date of issuance of rights issue and up to 31 March 2021 (HK\$ in million)	Actual use of the 2017 RI Proceeds during the year (HK\$ in million)	Unutilised 2017 RI Proceeds as at 31 March 2022 (HK\$ in million)
Expansion of Group's existing financing business	135.0	135.0	–	–
Investment in potential businesses (<i>note</i>)	90.0	27.0	–	63.0
General working capital	33.0	33.0	–	–
	<u>258.0</u>	<u>195.0</u>	<u>–</u>	<u>63.0</u>
Total	<u>258.0</u>	<u>195.0</u>	<u>–</u>	<u>63.0</u>

Note: The Company currently expects that the unutilised 2017 RI Proceeds will be used by 31 March 2023.

As at 31 March 2022, the 2017 RI proceeds were not fully utilised due to unforeseen delays caused by the COVID-19 pandemic which has led disruptions to the economy and therefore the management is more prudent and taking more time to seek the potential businesses.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2022.

DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 March 2022 (2021: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

FUTURE PROSPECTS

With an aim to be the leading valuation and advisory services provider in Hong Kong, the Group reinforced its core strategy by providing all-rounded services in high quality to clients. Going forward, the Group will continue to explore expansion of the service scope of its advisory services with a view to match its services with the changing environment and sustain its growth. The Group will also continue to explore various merger and acquisition opportunities and/or business collaboration to maintain and enhance its market presence in the valuation and advisory industry in Hong Kong.

The performance of the Group’s provision of securities broking, placing and underwriting and investment advisory and asset management service has improved during the year ended 31 March 2022. Moreover, it is expected that the related policies in relation to the development of the Belt and Road Initiative and advancement of Greater Bay Area will create new opportunities for Hong Kong as an international financial hub. Therefore, the Group will continue to adhere to its strategy to strive for being an integrated securities house in Hong Kong by cultivate capital raised from share allotment to expand and grow the business portfolio, in order to achieve a sustainable growth and increasing revenue streams.

To minimise the risk of COVID-19 spreading and threat to the Group’s operation, the Group will continue to make every last effort and adopt any suitable and necessary measures to introduce a safe working environment for its workforce, in order to maintain the Group’s productivity and competitiveness in the market. Last but not least, the Group holds a strong faith that the valuation and advisory services will remain to act as a key revenue driver of the Group for the upcoming years and the financing services will become more consolidated and integrated in the foreseeable future.

OTHER INFORMATION

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

During the year ended 31 March 2022, 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 complied with the 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 2022.

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 2022, 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 deviation from the code provisions A.2.1, details of which are set out in the section headed "Chairman and Chief Executive Officer" in this corporate governance report.

Code Provision A.2.1

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

During the year ended 31 March 2022 and up to the date of this announcement, Mr. Yue Kwai Wa Ken has been both the chairman of the Board (the "Chairman") and the chief executive officer of the Group (the "CEO").

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

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong during the year ended 31 March 2022.

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 2022, there was no material dispute or arguments between the Group and the suppliers.

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

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 31 March 2022 or during the year ended 31 March 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2022 and up to the date of this announcement, none of the Directors or any of their respective close associates (as defined in the GEM Listing Rules) engaged in any business that competed or might compete with the business of the Group, or had any other conflict of interest with the Group.

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 websites of the Company and the Stock Exchange. The major roles and functions of the Audit Committee are to review the financial systems of the Group; to review the accounting policies, financial positions and results, and financial reporting procedures of the Group; to communicate with external auditor; to assess the performance of internal financial and audit personnel; to review the risk management system and to assess the internal controls of the Group; and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. The Company has adopted a whistleblowing policy in order to allow the employees or other stakeholders (such as suppliers and customers) of the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group.

As at the date of this announcement, the Audit Committee currently consists of three members, namely Mr. Ko, Wai Lun Warren, Ms. Li, Tak Yin and Mr. Chung, Man Lai (being the chairman of the Audit Committee), all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed this announcement, including the consolidated results of the Group for the year ended 31 March 2022.

SCOPE OF WORK OF CL PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this announcement have been agreed by the Company's independent auditor, CL Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2022. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by CL Partners CPA Limited in this announcement.

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

Hong Kong, 16 June 2022

As at the date of this announcement, 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. Chung Man Lai, Mr. Ko Wai Lun Warren and Ms. Li Tak Yin.

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