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 2017

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange 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 (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2017:

— Revenue decreased to approximately HK$112.0 million, representing a decrease of approximately 5.2% as compared with that for the year ended 31 March 2016;

— Profit for the year decreased to approximately HK$21.2 million, representing a decrease of approximately 41.9% as compared with that for the year ended 31 March 2016;

— Basic and diluted earnings per share attributable to the ordinary equity holders of the Company were HK0.42 cents; and

— No final dividend was declared.

ANNUAL RESULTS

The board of Directors (the "Board") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

		2017	2016
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**111,992**	118,102
Other income	*6*	**2,855**	4,717
Employee benefit expenses	*7*	**(33,646)**	(31,532)
Depreciation and amortisation	*8*	**(4,011)**	(3,463)
Finance costs	*9*	**(1,600)**	(1,226)
Other expenses		**(50,276)**	(41,399)
Profit before income tax expense	*8*	**25,314**	45,199
Income tax expense	*10*	**(4,065)**	(8,612)
Profit and total comprehensive income for the year attributable to owners of the Company		**21,249**	36,587
Earnings per share			
— Basic	*12*	**0.42 cents**	0.84 cents
— Diluted	*12*	**0.42 cents**	0.84 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**4,937**	6,600
Intangible assets	*13*	**20,532**	22,705
Goodwill	*14*	**25,329**	25,329
Available-for-sale investments	*15*	**25,000**	25,000
Loans and interests receivable	*16*	**9,445**	11,076
		85,243	90,710
Current assets			
Loans and interests receivable	*16*	**303,399**	273,406
Trade receivables	*17*	**25,351**	23,647
Prepayments, deposits and other receivables	*18*	**64,014**	43,442
Pledged bank deposits		**54,062**	61,758
Tax recoverable		**2,169**	–
Cash and bank balances		**17,291**	40,312
		466,286	442,565
Current liabilities			
Trade payables	*19*	**307**	323
Accrued liabilities and other payables and receipt in advance	*20*	**15,599**	15,093
Finance lease liabilities	*21*	**1,547**	1,560
Bank borrowings	*22*	**51,898**	50,316
Current tax liabilities		**663**	3,706
		70,014	70,998
Net current assets		**396,272**	371,567
Total assets less current liabilities		**481,515**	462,277
Non-current liabilities			
Finance lease liabilities	*21*	**2,312**	3,859
Bank borrowing	*22*	**–**	231
Deferred tax liabilities		**2,718**	2,951
		5,030	7,041
Net assets		**476,485**	455,236

	Notes	**2017**	2016
		HK$'000	*HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital	*23*	**79,998**	79,998
Reserves		**396,487**	375,238
Total equity		**476,485**	455,236

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital *(note 23)* *HK$'000*	Share premium* *HK$'000*	Capital reserve* *HK$'000*	Share option reserve* *HK$'000*	Retained earnings* *HK$'000*	Total *HK$'000*
At 1 April 2015	67,906	260,162	10	1,211	64,998	394,287
Shares issued on placing, net of expenses	11,584	8,871	–	–	–	20,455
Exercise of share options	508	3,265	–	–	–	3,773
Equity-settlement share-based payment	–	–	–	134	–	134
Transactions with owners	12,092	12,136	–	134	–	24,362
Profit and total comprehensive income for the year	–	–	–	–	36,587	36,587
At 31 March 2016 and 1 April 2016	79,998	272,298	10	1,345	101,585	455,236
Share options lapsed	–	–	–	(923)	923	–
Transactions with owners	–	–	–	(923)	923	–
Profit and total comprehensive income for the year	–	–	–	–	21,249	21,249
At 31 March 2017	79,998	272,298	10	422	123,757	476,485

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

The Company's immediate and ultimate parent is Aperto Investments Limited (incorporated in the British Virgin Islands).

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

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 7	Disclosure Initiative[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarification to HKFRS15)[2]
HKFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company and its principal subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

4. REVENUE

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

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

	2017	2016
	HK$'000	*HK$'000*
Services fee income from provision of valuation and advisory services	**75,955**	75,755
Interest income from provision of financing services	**36,037**	42,347
	111,992	118,102

5. SEGMENT INFORMATION

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

(i) Valuation and advisory services;

(ii) Financing services; and

(iii) All other segments.

(a) Business segments

For the year ended 31 March 2017

	Valuation and advisory services *HK$'000*	Financing services *HK$'000*	All other segments *HK$'000*	Total *HK$'000*
Segment revenue *(note (i))*	**75,955**	**36,037**	**–**	**111,992**
Segment results *(note (ii))*	**23,924**	**11,377**	**(322)**	**34,979**
Other segment information				
Depreciation	**(130)**	**–**	**(49)**	**(179)**
Amortisation	**(2,223)**	**–**	**–**	**(2,223)**
Impairment loss on loans and interests receivable	**–**	**(14,262)**	**–**	**(14,262)**
Impairment loss on trade and other receivables	**(3,427)**	**–**	**–**	**(3,427)**
Income tax (expense)/credit	**(2,712)**	**(1,393)**	**40**	**(4,065)**
Additions to non-current assets (excluding financial instruments)	**159**	**–**	**–**	**159**
Segment assets	**98,349**	**351,336**	**720**	**450,405**
Segment liabilities	**(16,858)**	**(548)**	**(29)**	**(17,435)**

For the year ended 31 March 2016

	Valuation and advisory services *HK$'000*	Financing services *HK$'000*	All other segments *HK$'000*	Total *HK$'000*
Segment revenue *(note (i))*	75,755	42,347	–	118,102
Segment results *(note (ii))*	29,370	23,742	339	53,451
Other segment information				
Depreciation	(133)	–	(49)	(182)
Amortisation	(2,205)	–	–	(2,205)
Impairment loss on loans and interests receivable	–	(9,755)	–	(9,755)
Impairment loss on trade and other receivables	(2,835)	–	–	(2,835)
Income tax expense	(5,005)	(3,548)	(59)	(8,612)
Additions to non-current assets (excluding financial instruments)	5,471	–	–	5,471
Segment assets	94,242	304,624	975	399,841
Segment liabilities	(15,106)	(5,899)	(123)	(21,128)

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 chief operating decision-maker for the purpose of resources allocation and performance assessment.

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

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax expense		
Reportable segment profit	**34,979**	53,451
Unallocated interest income	**1,137**	1,913
Unallocated employee benefit expenses	**(4,783)**	(4,568)
Unallocated depreciation	**(1,609)**	(1,076)
Unallocated finance costs	**(1,600)**	(1,226)
Unallocated other expenses	**(2,810)**	(3,395)
Unallocated other income	**–**	100
Consolidated profit before income tax expense	**25,314**	45,199
Assets		
Reportable segment assets	**450,405**	399,841
Unallocated property, plant and equipment	**4,515**	6,108
Unallocated available-for-sale investments	**25,000**	25,000
Unallocated pledged bank deposits	**54,062**	61,758
Unallocated cash and bank balances	**17,291**	40,312
Unallocated corporate assets	**256**	256
Consolidated total assets	**551,529**	533,275
Liabilities		
Reportable segment liabilities	**(17,435)**	(21,128)
Unallocated finance lease liabilities	**(3,859)**	(5,419)
Unallocated bank borrowings	**(51,898)**	(50,547)
Unallocated corporate liabilities	**(1,852)**	(945)
Consolidated total liabilities	**(75,044)**	(78,039)

(c) Geographical segment information

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

(d) Information about major customer

For the years ended 31 March 2017 and 2016, none of the customers contributed 10% or more of the revenue of the Group.

6. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Reimbursement of expenses	**1,290**	1,875
Interest income	**1,137**	1,913
Gain on disposals of property, plant and equipment	**–**	1
Others	**428**	928
	2,855	4,717

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2017	2016
	HK$'000	*HK$'000*
Wages and salaries	**31,123**	29,204
Contributions on defined contribution retirement plans	**882**	877
Share-based payment compensation — equity settled	**–**	134
Other benefits	**1,641**	1,317
	33,646	31,532

8. PROFIT BEFORE INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax expense is arrived at after charging:		
Auditor's remuneration	**1,397**	600
Depreciation of property, plant and equipment	**1,788**	1,258
Amortisation of intangible assets	**2,223**	2,205
Exchange loss, net	**3,566**	2,150
Consultancy fee	**2,603**	2,612
Impairment loss on loans and interests receivable	**14,262**	9,755
Impairment loss on trade and other receivables	**3,427**	2,835
Operating lease charges in respect of buildings *(note)*	**4,556**	4,721

Note: For the years ended 31 March 2017 and 2016, operating lease charges in respect of buildings included rental expenses for the Group's office premises. Rental expenses are included in "other expenses" in the consolidated statement of comprehensive income.

9. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on bank borrowings	**1,449**	1,068
Interest on finance leases	**151**	158
	1,600	1,226

10. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the year.

	2017	2016
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Tax for the year	**4,458**	8,483
(Over)/under provision in respect of prior year	**(160)**	372
	4,298	8,855
Deferred tax		
Credit for the year	**(233)**	(243)
	4,065	8,612

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

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax expense	**25,314**	45,199
Tax on profit before income tax expense, calculated at the rates applicable to profits in the tax jurisdiction concerned	**4,177**	7,458
Tax effect of non-deductible expenses	**347**	466
Tax effect of non-taxable revenue	**(188)**	(284)
Tax effect of temporary differences not recognised	**111**	(442)
Tax effect of tax losses not recognised	**113**	845
Utilisation of tax loss previously not recognised	**(648)**	–
(Over)/under provision in respect of prior year	**(160)**	372
Others	**313**	197
Income tax expense	**4,065**	8,612

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unused tax losses of HK$8,705,000 (2016: HK$11,948,000) can be carried forward indefinitely.

11. DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31 March 2017 (2016: nil).

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per Share	**21,249**	36,587
	'000	*'000*
Number of shares		
Weighted average number of ordinary Shares for the purpose of basic and diluted earnings per Share *(notes (a), (b)&(c))*	**4,999,853**	4,380,999

Notes:

(a) Weighted average of 4,999,853,300 ordinary Shares for the year ended 31 March 2017 are derived from 4,999,853,300 ordinary Shares issued during the year.

(b) Weighted average of 4,380,999,000 ordinary Shares for the year ended 31 March 2016 are derived from 4,244,150,000 ordinary Shares issued as at 1 April 2015 after taking into account the effects of the placing of 724,000,000 Shares completed on 5 February 2016, and the exercise of share options by an executive director and certain employees of the Group during the year ended 31 March 2016.

(c) The computation of diluted earnings per Share does not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for Shares for both years.

13. INTANGIBLE ASSETS

	Customer relationship *HK$'000*	Database *HK$'000*	Accounting and management software *HK$'000*	Valuation software *HK$'000*	Total *HK$'000*
Cost					
At 1 April 2015	4,200	15,400	68	759	20,427
Additions	–	–	–	5,300	5,300
At 31 March 2016 and 1 April 2016	4,200	15,400	68	6,059	25,727
Additions	–	–	50	–	50
At 31 March 2017	**4,200**	**15,400**	**118**	**6,059**	**25,777**
Amortisation					
At 1 April 2015	116	128	17	556	817
Amortisation	700	770	14	721	2,205
At 31 March 2016 and 1 April 2016	816	898	31	1,277	3,022
Amortisation	700	770	15	738	2,223
At 31 March 2017	**1,516**	**1,668**	**46**	**2,015**	**5,245**
Net book value					
At 31 March 2017	**2,684**	**13,732**	**72**	**4,044**	**20,532**
At 31 March 2016	3,384	14,502	37	4,782	22,705

14. GOODWILL AND CONTINGENT CONSIDERATION RECEIVABLES

(a) Goodwill

	HK$'000
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	25,329

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 the Bonus Boost Group comprising Bonus Boost International Limited and its subsidiary, which is principally engaged in the provision of valuation and consultancy services in Hong Kong.

The recoverable amount of the goodwill has been determined from value-in-use calculation based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2016: 3%).

	2017	2016
Discount rate	**15%**	15%
Operating margin*	**41%–45%**	39%–43%
Growth rate within the five-year period	**0%–11%**	2%–16%

* 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.

(b) Contingent consideration receivables

Pursuant to the sale and purchase agreement in relation to the Group's acquisition of Bonus Boost Group, the vendor has warranted and guaranteed that the actual aggregate net profit of the Bonus Boost Group in the audited financial statements for the period (i) commencing from the date of the completion of such acquisition to the year ended 31 March 2016; and (ii) the year ended 31 March 2017 (the "Guaranteed Period") shall not be less than HK$2,800,000 (the "Guaranteed Profit") for each period ended 31 March 2016 and 2017 respectively. If there is a shortfall on the Guaranteed Profit, there will be cash compensation of 15 times of the shortfall from the vendor to the Group. The Guaranteed Profit has been met for the Guaranteed Period, so that there was no contingent consideration receivables recognised for the cash compensation as at 31 March 2017 and 2016.

15. AVAILABLE-FOR-SALE INVESTMENTS

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

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

16. LOANS AND INTERESTS RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Loans and interests receivable (net of impairment loss)	**312,844**	284,482
Current portion included in current assets	**(303,399)**	(273,406)
Amounts due after one year included in non-current assets	**9,445**	11,076

As at 31 March 2017, loans and interests receivable with an aggregate carrying amount of approximately HK$243.5 million (2016: approximately HK$212.2 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 approximately 6%–36% per annum (2016: approximately 6%–36% per annum).

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

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

	2017	2016
	HK$'000	*HK$'000*
Current	**303,399**	273,406
1 to 5 years	**7,687**	7,021
Over 5 years	**1,758**	4,055
	312,844	284,482

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

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**–**	25,890
31 to 60 days	**350**	9,300
61 to 90 days	**5,000**	24,225
91 to 180 days	**102,872**	116,850
181 to 360 days	**185,255**	82,771
Over 360 days	**19,367**	25,446
	312,844	284,482

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

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**294,894**	263,019
1 to 90 days past due	**2,960**	8,233
91 to 180 days past due	**8**	48
181 to 360 days past due	**11,879**	11,051
Over 360 days past due	**3,103**	2,131
	312,844	284,482

Loans and interests receivable that were neither past due nor impaired related to a wide range of customers that have good repayment records with the Group.

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

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

	2017	2016
	HK$'000	*HK$'000*
At 1 April	**9,828**	73
Impairment loss recognised	**14,262**	9,755
At 31 March	**24,090**	9,828

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

17. TRADE RECEIVABLES

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

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**10,121**	11,502
31 to 60 days	**889**	2,994
61 to 90 days	**655**	1,589
91 to 180 days	**690**	818
181 to 360 days	**7,442**	3,856
Over 360 days	**5,554**	2,888
	25,351	23,647

The ageing analysis of trade receivables (net of impairment loss) based on due date at the end of reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
1 to 90 days past due	**11,665**	16,085
91 to 180 days past due	**690**	818
181 to 360 days past due	**7,442**	3,856
Over 360 days past due	**5,554**	2,888
	25,351	23,647

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

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

	2017	2016
	HK$'000	*HK$'000*
At 1 April	**1,746**	491
Impairment loss recognised	**2,037**	1,255
At 31 March	**3,783**	1,746

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

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Accrued revenue*	**17,196**	13,636
Prepayments	**2,282**	1,133
Deposits and other receivables	**44,536**	28,673
	64,014	43,442

* Included in the balances were accrued interests of HK$8,490,000 (2016: HK$7,488,000).

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

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**49,734**	26,132
1 to 90 days past due	**75**	297
91 to 180 days past due	**10,821**	141
181 to 360 days past due	**175**	15,284
Over 360 days past due	**927**	455
	61,732	42,309

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

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

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

	2017	2016
	HK$'000	*HK$'000*
At 1 April	**3,782**	2,202
Impairment loss recognised	**1,390**	1,580
At 31 March	**5,172**	3,782

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

19. TRADE PAYABLES

At the end of the reporting period, the Group was granted by its suppliers credit periods ranging from 0 to 30 (2016: 0 to 30) days. The ageing analysis of the trade payables based on invoice date at the end of reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**13**	29
Over 360 days	**294**	294
	307	323

20. ACCRUED LIABILITIES AND OTHER PAYABLES AND RECEIPT IN ADVANCE

	2017	2016
	HK$'000	*HK$'000*
Accrued liabilities and other payables	**2,697**	5,102
Receipt in advance	**12,902**	9,991
	15,599	15,093

21. FINANCE LEASE LIABILITIES

The Group leased 4 (2016: 4) motor vehicles as at 31 March 2017. The leases of motor vehicles were classified as finance lease as the rental period amounted to the estimated useful economic life of the assets concerned and the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments as at 31 March 2017 and 2016 are due as follows:

	2017		
	Minimum lease payments	**Interest**	**Present value**
	HK$'000	***HK$'000***	***HK$'000***
Not later than one year	**1,645**	**(98)**	**1,547**
Later than one year and not later than five years	**2,386**	**(74)**	**2,312**
	4,031	**(172)**	**3,859**

	2016		
	Minimum lease payments	Interest	Present value
	HK$'000	*HK$'000*	*HK$'000*
Not later than one year	1,712	(152)	1,560
Later than one year and not later than five years	4,031	(172)	3,859
	5,743	(324)	5,419

The present value of future lease payments are analysed as:

	2017	2016
	HK$'000	*HK$'000*
Current liabilities	**1,547**	1,560
Non-current liabilities	**2,312**	3,859
	3,859	5,419

22. BANK BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Current		
Interest bearing		
— bank borrowings due for repayment within one year *(notes (a), (b) & (c))*	**51,898**	50,316
Non-current		
Interest bearing		
— bank borrowing *(note (b))*	**–**	231
	51,898	50,547

Notes:

(a) The bank borrowing of HK$50,000,000 (2016: HK$50,000,000) was secured by bank deposits of HK$54,062,000 (2016: HK$61,758,000) placed by the Company and a subsidiary in the bank. Interest is charged at Hong Kong Inter-bank Offered Rate ("HIBOR") + 2% (2016: HIBOR+2%).

(b) The bank borrowing of HK$231,000 (2016: HK$547,000) was secured by guarantee from Mr. Luk Kee Yan Kelvin, who resigned as an executive Director on 20 April 2017 and confirmed in writing of his intention to provide guarantee for the bank borrowing until the Group has repaid the bank borrowing, and Mr. Yue Kwai Wa Ken. Interest is charged at 0.55% per month (2016: 0.55%).

(c) The bank borrowing of HK$9,800,000 (2016: nil) was secured by guarantees from the Company and Mr. Luk Kee Yan Kelvin, who resigned as an executive Director on 20 April 2017 and confirmed in writing of his intention to provide guarantee for bank borrowing until the Group has repaid the bank borrowing. Interest is charged at HK$ prime rate quoted by the bank minus 0.5% per annum (2016: nil).

The banking facility of one of the loans is 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. In addition, the loan agreement of one of the subsidiaries contains clauses which give the lender the right at the lender's sole discretion to demand immediate repayment at any time irrespective of whether the subsidiary has complied with the covenants and met the scheduled repayment obligations. The respective loan was repayable on demand or within one year.

At 31 March 2017 and 2016, total current and non-current bank borrowings were scheduled to repay as follows:

	2017	2016
	HK$'000	*HK$'000*
On demand or within one year	**51,898**	50,316
More than one year, but not exceeding two years	**–**	231
	51,898	50,547

The Group regularly monitors the compliance with these covenants and the scheduled repayments of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the subsidiary continues to meet these requirements. As at 31 March 2017, none of the covenants relating to drawn down facilities had been breached.

23. SHARE CAPITAL

	Number of ordinary shares	*HK$'000*
Authorised		
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	5,000,000,000	80,000
Issued		
At 1 April 2015	4,244,150,000	67,906
Shares issued on placing *(note (a))*	724,000,000	11,584
Shares issued on exercise of share options *(note (b))*	31,703,300	508
At 31 March 2016, 1 April 2016 and 31 March 2017	4,999,853,300	79,998

Notes:

(a) Pursuant to the placing of Shares being completed on 5 February 2016, a total of 724,000,000 placing Shares were issued at HK$0.029 per placing Share.

(b) During the year ended 31 March 2016, the issued share capital of the Company was increased due to the exercise of share options by an executive Director and certain employees. The Shares issued during the year ended 31 March 2016 in relation to the exercise of share options had the same rights as other ordinary Shares in issue.

24. EVENT AFTER THE REPORTING PERIOD

(a) Pursuant to an announcement of the Company dated 20 April 2017, Mr. Luk Kee Yan Kelvin, who resigned as an executive Director, the chairman of the Board, the chief executive officer of the Group, a member of the remuneration committee, a member of the nomination committee and an authorised representative of the Company on 20 April 2017, was arrested by the Independent Commission Against Corruption of Hong Kong (the "ICAC") on 19 April 2017 for alleged personal involvement in a transaction of one of the clients of the Group. Mr. Luk Kee Yan Kelvin has been subsequently released on bail. Upon the aforesaid resignation of Mr. Luk, Ms. Chan Hong Nei Connie has been appointed as an executive Director, a member of the remuneration committee, a member of the nomination committee and an authorised representative of the Company and Mr. Yue Kwai Wa Ken has been redesignated as the chairman of the Board and the chief executive officer of the Group with effect from 20 April 2017.

(b) Pursuant to an announcement of the Company dated 2 June 2017, Dr. Cheung Wai Bun Charles, *J.P.* has been appointed as an executive Director and the chairman of the Board; Mr. Yim Wai Ning has been appointed as a non-executive Director; and Mr. Yue Kwai Wa Ken ceased to act as the chairman of the Board, and would remain as an executive Director, the chief executive officer of the Group, as well as the company secretary and compliance officer of the Company with effect from 2 June 2017. Pursuant to an announcement of the Company dated 5 June 2017, Mr. Lum Pak Sum has been appointed as the chief executive officer of the Group; Mr. Wong Kam Hong has been appointed as the chief strategy officer of the Group; and Mr. Yue Kwai Wa Ken ceased to act as the chief executive officer of the Group, and would remain as an executive Director, as well as the company secretary and compliance officer of the Company with effect from 5 June 2017.

(c) Pursuant to an announcement of the Company dated 6 June 2017, the head office and principal place of business of the Company in Hong Kong changed to 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong with effect from 10 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2017, the Group's provision of valuation and advisory services contributed approximately 67.8% of the total revenue to the Group. Despite the sluggish economy in Hong Kong in 2016, the Group made an effort to maintain a growth trend and recorded a slight increase in revenue generated from the provision of valuation and advisory services of approximately 0.3% as compared with that for the year ended 31 March 2016. The Group always tries its best endeavor to explore various merger and acquisition opportunities and/or business collaboration to enhance its market presence in the valuation and advisory industry in Hong Kong.

The Group's provision of financing services contributed approximately 32.2% of the total revenue to the Group for the year ended 31 March 2017. With the net proceeds from the rights issue of Shares in December 2014 and the placing of Shares in February 2016, the Group has continue to develop the provision of financing services and maintained its loan portfolio size. During the year ended 31 March 2017, the Group had similar loan portfolio as at the beginning of current financial year, which mainly included, among others, loans secured by charges over equity and properties. In view of the fluctuating property market in Hong Kong and more stringent policies imposed to agents for the financing services industry, the Group's interest income generated from provision of financing services for the year ended 31 March 2017 decreased by approximately 14.9% as compared with that for the year ended 31 March 2016. In addition, the recognition of impairment loss on certain loans and interests receivable significantly increased by approximately 46.2% for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016.

With the continuous expansion of the Group, the Group's employee benefit expenses increased by approximately 6.7% for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016. The Group always considers its professional teams as the most valuable asset of the Group and offers competitive remuneration package to attract and retain high-caliber individuals.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2017, the Group recorded a decrease of approximately 5.2% in revenue as compared with that for the year ended 31 March 2016. Such a decrease was mainly due to the decrease in interest income generated from provision of financing services.

The services fee income generated from provision of valuation and advisory services increased to approximately HK$76.0 million for the year ended 31 March 2017 from approximately HK$75.8 million for the year ended 31 March 2016 and contributed approximately 67.8% of the total revenue to the Group.

The interest income generated from provision of financing services decreased to approximately HK$36.0 million for the year ended 31 March 2017 from approximately HK$42.3 million for the year ended 31 March 2016 and contributed approximately 32.2% of the total revenue to the Group. The decrease in interest income for the year ended 31 March 2017 was mainly due to the diversification of loan portfolio and inclusion of greater amount of loans at lower interest rates during the year ended 31 March 2017 as compared with those during the year ended 31 March 2016.

Other income

The Group's other income decreased by approximately 39.5% for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016. Such a decrease was mainly attributable to (i) the decrease in reimbursable income from the Group's customers and (ii) the decrease in the interest rates offered by the commercial banks to the Group in relation to the Group's unutilised proceeds from the rights issue being placed in commercial banks as time deposits for interests during the year ended 31 March 2017.

Employee benefit expenses

Employee benefit expenses mainly consisted of wages and salaries, pension costs and other benefits to the staff and the Directors. The Group's employee benefit expenses increased by approximately 6.7% for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016. The increase was mainly attributable to the increase in the average salary level of the staff for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016.

Depreciation and amortisation

The Group recorded an increase of approximately 15.8% in depreciation and amortisation for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016, which was mainly because of the addition of a motor vehicle in March 2016.

Finance costs

The Group recorded an increase of approximately 30.5% in finance costs for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016, which was mainly due to interest expenses for a new bank loan drawn down during the year ended 31 March 2017.

Other expenses

The Group's other expenses increased by approximately 21.4% for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016. The increase was mainly attributable to (i) more marketing expenses incurred during the year ended 31 March 2017 as compared with those for the year ended 31 March 2016; (ii) the exchange difference recognised during the year ended 31 March 2017 resulted from the depreciation in exchange rate of Renminbi ("RMB"); and (iii) additional impairment losses on the Group's certain loans and interests receivable and trade receivables during the year ended 31 March 2017.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased to approximately HK$21.2 million for the year ended 31 March 2017 from approximately HK$36.6 million for the year ended 31 March 2016, representing a decrease of approximately 41.9%. The significant decrease in the Group's profit attributable to owners of the Company for the year ended 31 March 2017 was mainly attributable to the decrease in interest income generated from the Group's provision of financing services and the additional impairment losses on the Group's certain loans and interests receivable and trade receivables during the year ended 31 March 2017.

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

On 8 July 2015, the Group has granted a loan facility of HK$58 million at an interest rate of 12% per annum for a term of one year (the "Loan A") to Brilliant One Holdings Limited, which executed, among others, share charge in favour of the Group to charge 310,850,000 shares of a company listed on GEM to the Group as security in connection with the Loan A. On 30 August 2016, the facility of Loan A has further increased to HK$62 million and renewed for another year at same interest rate with same number of pledged shares. As at 31 March 2017, such facility has been drawn up to approximately HK$61.8 million and yet to mature. For further details, please refer to the Company's announcements dated 8 July 2015 and 30 August 2016.

On 22 July 2015, the Group has granted a loan of HK$10 million at an interest rate of 36% per annum for a term of one year (the "Loan B") to a company, which executed, among others, share charge in favour of the Group to charge certain of its shares to the Group as security in connection with the Loan B. As at 31 March 2017, the Loan B matured. Legal proceeding against the customer to recover the entire outstanding balances is in progress. For further details, please refer to the Company's announcement dated 22 July 2015.

On 15 September 2015, a mortgage loan of HK$16 million at an interest rate of 1.42% per month for a term of three months (the "Loan C") was granted to two individuals, who executed a first legal charge in respect of a residential property for the Loan C. On 16 December 2015, the Loan C has further renewed for another six months at same interest rate with same pledged property. As at 31 March 2017, the Loan C was fully repaid. For further details, please refer to the Company's announcements dated 15 September 2015 and 16 December 2015.

On 6 April 2016, the Group has granted a loan facility of HK$20 million at an interest rate of 14% per annum for a term of one year (the "Loan D") to a recurring client, who executed share charge in favour of the Group to charge certain shares of a company listed on GEM to the Group as security in connection with the Loan D. As at 31 March 2017, the Loan D was fully repaid. For further details, please refer to the Company's announcement dated 6 April 2016.

On 13 April 2016, the Group has granted a loan facility of HK$39.5 million at an interest rate of 10% per annum for a term of one year (the "Loan E") to a recurring client, who executed share charge in favour of the Group to charge certain shares of a company listed on GEM to the Group as security in connection with the Loan E. As at 31 March 2017, the Loan E has yet to mature. For further details, please refer to the Company's announcement dated 13 April 2016.

On 11 May 2016, the Group has granted a loan facility of HK$31.6 million at an interest rate of 12% per annum for a term of one year (the "Loan F") to a recurring client, who executed share charge in favour of the Group to charge certain shares of a company listed on GEM to the Group as security in connection with the Loan F. As at 31 March 2017, the Loan F has yet to mature. For further details, please refer to the Company's announcement dated 11 May 2016.

On 14 July 2016, the Group has granted a loan facility of HK$39 million at an interest rate of 12% per annum for a term of one year (the "Loan G") to a recurring client, who executed share charge in favour of the Group to charge certain shares of a company listed on GEM to the Group as security in connection with the Loan G. As at 31 March 2017, the Loan G has yet to mature. For further details, please refer to the Company's announcement dated 14 July 2016.

In relation to the mortgage loan of HK$10.5 million granted by the Group on 2 May 2014, the repayment of the outstanding balances of this mortgage loan was considered doubtful, thus impairment loss on the outstanding balances was recognised for the year ended 31 March 2017.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2017, the Group mainly financed its operations with its own working capital, bank borrowings and the net proceeds from fund raising activities. As at 31 March 2017 and 31 March 2016, the Group had net current assets of approximately HK$396.3 million and HK$371.6 million respectively, including cash and bank balances of approximately HK$17.3 million and HK$40.3 million respectively. The Group's pledged bank deposits of approximately HK$54.1 million as at 31 March 2017 represented cash at bank held by the Group and pledged for bank borrowings. The Group's current ratio increased from approximately 6.2 as at 31 March 2016 to approximately 6.7 as at 31 March 2017.

As at 31 March 2017 and 31 March 2016, the Group's total bank borrowings amounted to approximately HK$51.9 million and HK$50.5 million respectively. All bank borrowings were denominated in HK$. Details of the bank borrowings of the Group are set out in note 22 to the consolidated financial statements in this announcement. The Group's total finance lease liabilities amounted to approximately HK$3.9 million and HK$5.4 million respectively. The Group's gearing ratio remained at same level of approximately 0.12 as at 31 March 2017 and 31 March 2016.

TREASURY POLICIES

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

COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK$13.6 million and HK$4.5 million as at 31 March 2017 and 31 March 2016 respectively. As at 31 March 2017, the Group did not have any capital commitments (31 March 2016: nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 23 to the consolidated financial statements in this announcement.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2017 (31 March 2016: nil).

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2017, the Group's exposure to currency risk was limited to its bank balances denominated in 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 year ended 31 March 2017 will increase by approximately HK$1,000 (2016: approximately HK$1.5 million). On the contrary, if RMB depreciates by 3% against HK$, the Group's profit for the year ended 31 March 2017 will decrease by approximately HK$1,000 (2016: approximately HK$1.5 million). As US$ 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 2017, save for the pledged bank deposits and motor vehicles acquired under finance leases, the Group did not pledge any of its assets (31 March 2016: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017 and 31 March 2016, the Group employed a total of 65 and 72 full-time employees respectively. The Group's total employee benefit expenses were approximately HK$33.6 million and HK$31.5 million for the years ended 31 March 2017 and 2016 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 were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

USE OF PROCEEDS

The rights issue in 2014

In December 2014, the Company raised fund of net proceeds of approximately HK$280 million from its rights issue of 3,183,112,500 Shares (the "RI Proceeds"). Up to the date of this announcement, (i) HK$36.7 million of the RI Proceeds was paid for the acquisition of equity interest in Bonus Boost International Limited, which has a wholly-owned subsidiary principally involved in acting as a surveyor, valuer and property consultant; (ii) HK$25 million of the RI Proceeds was paid for the acquisition of 19.9% equity interest in Greater China Appraisal Limited, which is principally engaging in the provision of assets appraisal services; and (iii) approximately HK$126.3 million of the RI Proceeds, being the entire portion intended to be used for the Group's provision of financing services was utilised for granting of mortgage loans to independent third parties. The Group continues to look for suitable business opportunities to utilise the remaining portion of approximately HK$70.0 million of the RI Proceeds which was intended to apply for the funding and further development of the existing and future businesses of the Group. As at 31 March 2017, such unutilised net proceeds were kept as cash at and placed as bank deposits with banks in Hong Kong.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2017, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 March 2017 (2016: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

FUTURE PROSPECTS

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

If necessary, the Company may consider issuing new Shares and/or debt securities to optimise its financial structure for embracing sound business opportunities and preparing future expansion of the Group.

In July 2016, the Company re-submitted a formal application to the Stock Exchange for the proposed transfer of the listing of the Shares from GEM to the main board of the Stock Exchange (the "Application"). The Application lapsed after six months since the submission of the Application. The Company intends to proceed with the Application.

OTHER INFORMATION

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

During the year ended 31 March 2017, 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.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2017 except the following deviation:

Code Provision A.2.1

The above code provision 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 year ended 31 March 2017, Mr. Luk, Kee Yan Kelvin was the chairman of the Board and the chief executive officer of the Group. The Board then considered that 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 was ensured by the operations of the Board, which comprised experienced and high caliber individuals and met regularly to discuss issues affecting the operations of the Group. Following the resignation of Mr. Luk Kee Yan Kelvin as an executive Director, the chairman of the Board, the chief executive officer of the Group, a member of the remuneration committee, a member of the nomination committee and an authorised representative of the Company on 20 April 2017, Mr. Yue Kwai Wa Ken was redesignated as the chairman of the Board and the chief executive officer of the Group on the same date for a transitional period. The Group, however, always tries its best endeavor to maintain and achieve a high standard of corporate governance practices and thus the Company has appointed Dr. Cheung, Wai Bun Charles, *J.P.* as the chairman of the Board and Mr. Lum Pak Sum as the chief executive officer of the Group with effect from 2 June 2017 and 5 June 2017 respectively.

Code Provision A.6.7

The above code provision stipulates that the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other engagements, two independent non-executive Directors were unable to attend the annual general meeting of the Company held on 27 September 2016. To mitigate such, future general meetings would be scheduled earlier to avoid timetable clashes.

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 2017.

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 2017, there was no material dispute or arguments between the Group and the suppliers.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

Having been made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the year ended 31 March 2017.

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

No 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 any of its subsidiaries was a party during the year ended 31 March 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2017 and up to the date of this announcement, none of the Directors or any of their respective close associates, engaged in any business that competes 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 Company (the "Audit Committee") was established on 26 September 2011 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The 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. During the year ended 31 March 2017, the Company 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.

During the year ended 31 March 2017, the Audit Committee consisted of three members, namely Mr. Ko, Wai Lun Warren, Mr. Lou, Ming 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 audited consolidated results of the Group for the year ended 31 March 2017.

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

Hong Kong, 15 June 2017

As at the date of this announcement, the executive Directors are Dr. Cheung, Wai Bun Charles, J.P., Ms. Chan, Hong Nei Connie and Mr. Yue, Kwai Wa Ken, the non-executive Director is Mr. Yim, Wai Ning and the independent non-executive Directors are Mr. Ko, Wai Lun Warren, Mr. Lou, Ming and Mr. Wong, Tat Keung.

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