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 2018

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 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 2018:

— Revenue decreased to approximately HK$65.1 million, representing a decrease of approximately 41.8% as compared with that for the year ended 31 March 2017;

— Loss for the year amounted to approximately HK$25.5 million whereas there was a profit of approximately HK$21.2 million for the year ended 31 March 2017;

— Basic and diluted loss per share attributable to owners of the Company were HK$1.28 cents; and

— No final dividend has been declared.

ANNUAL RESULTS

The board of Directors (the "Board") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	4	**65,140**	111,992
Other income	6	**2,451**	2,855
Employee benefit expenses	7	**(35,698)**	(33,646)
Depreciation and amortisation	8	**(4,832)**	(4,011)
Finance costs	9	**(1,005)**	(1,600)
Other expenses		**(52,011)**	(50,276)
(Loss)/profit before income tax credit/(expense)	8	**(25,955)**	25,314
Income tax credit/(expense)	10	**407**	(4,065)
(Loss)/profit and total comprehensive income for the year attributable to owners of the Company		**(25,548)**	21,249
			(restated)
(Loss)/earnings per share			
— Basic	12	**(1.28) cents**	1.61 cents
— Diluted	12	**(1.28) cents**	1.61 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**5,614**	4,937
Intangible assets	*13*	**18,365**	20,532
Goodwill	*14*	**25,329**	25,329
Available-for-sale investments	*15*	**25,000**	25,000
Loans and interests receivable	*16*	**1,728**	9,445
Deferred tax assets		**1,329**	–
		77,365	85,243
Current assets			
Loans and interests receivable	*16*	**200,355**	303,399
Trade receivables	*17*	**14,659**	25,351
Prepayments, deposits and other receivables	*18*	**231,839**	64,014
Pledged bank deposits		**106,524**	54,062
Tax recoverable		**2,541**	2,169
Cash and bank balances		**204,493**	17,291
		760,411	466,286
Current liabilities			
Trade payables	*19*	**372**	307
Accrued liabilities and other payables and receipt in advance	*20*	**23,484**	15,599
Finance lease liabilities	*21*	**1,296**	1,547
Bank borrowings	*22*	**100,000**	51,898
Current tax liabilities		**449**	663
		125,601	70,014
Net current assets		**634,810**	396,272
Total assets less current liabilities		**712,175**	481,515
Non-current liabilities			
Finance lease liabilities	*21*	**1,016**	2,312
Deferred tax liabilities		**2,465**	2,718
		3,481	5,030
Net assets		**708,694**	476,485

	Note	2018 HK$'000	2017 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*23*	**199,994**	79,998
Reserves		**508,700**	396,487
Total equity		**708,694**	476,485

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital *(note 23)*	Share premium*	Capital reserve*	Share option reserve*	Retained earnings*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 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 and 1 April 2017	79,998	272,298	10	422	123,757	476,485
Share options lapsed	–	–	–	(422)	422	–
Rights issue, net of expenses	119,996	137,761	–	–	–	257,757
Transactions with owners	119,996	137,761	–	(422)	422	257,757
Loss and total comprehensive income for the year	–	–	–	–	(25,548)	(25,548)
At 31 March 2018	**199,994**	**410,059**	**10**	**–**	**98,631**	**708,694**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Except as explained below, the adoption of these new/revised HKFRSs has no material impact on the Group's financial statements.

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented.

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

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

HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
HKFRS 16	Leases[2]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Group for the year ended 31 March 2018 (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 Hong Kong 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:

	2018	2017
	HK$'000	*HK$'000*
Services fee income from provision of valuation and advisory services	**45,870**	75,955
Interest income from provision of financing services	**19,270**	36,037
	65,140	111,992

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 2018

	Valuation and advisory services *HK$'000*	Financing services *HK$'000*	All other segments *HK$'000*	Total *HK$'000*
Segment revenue *(note (i))*	**45,870**	**19,270**	**–**	**65,140**
Segment results *(note (ii))*	**(21,333)**	**7,682**	**(561)**	**(14,212)**
Other segment information				
Depreciation	**(126)**	**–**	**(41)**	**(167)**
Written-off of property, plant and equipment	**(28)**	**–**	**–**	**(28)**
Amortisation	**(2,167)**	**–**	**–**	**(2,167)**
Impairment loss on loans and interests receivable	**–**	**(5,597)**	**–**	**(5,597)**
Recovery of impairment loss on loans and interests receivable	**–**	**1,631**	**–**	**1,631**
Impairment loss on trade and other receivables	**(20,648)**	**(655)**	**(454)**	**(21,757)**
Recovery of impairment loss on trade and other receivable	**264**	**–**	**–**	**264**
Income tax credit/(expense)	**1,446**	**(1,073)**	**34**	**407**
Additions to non-current assets (excluding financial instruments)	**52**	**–**	**–**	**52**
Segment assets	**78,144**	**397,516**	**532**	**476,192**
Segment liabilities	**(18,371)**	**(7,095)**	**(9)**	**(25,475)**

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)

Notes:

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

(ii) The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned or the loss incurred by each segment without allocation of corporate income and central administrative costs. This is the measure reported to the chief operating decision-maker for the purpose of resources allocation and performance assessment.

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit before income tax credit/(expense)		
Reportable segment (loss)/profit	**(14,212)**	34,979
Unallocated interest income	**1,167**	1,137
Unallocated employee benefit expenses	**(6,208)**	(4,783)
Unallocated depreciation	**(2,498)**	(1,609)
Unallocated finance costs	**(1,005)**	(1,600)
Unallocated other expenses	**(3,199)**	(2,810)
Consolidated (loss)/profit before income tax credit/(expense)	**(25,955)**	25,314
Assets		
Reportable segment assets	**476,192**	450,405
Unallocated property, plant and equipment	**5,336**	4,515
Unallocated available-for-sale investments	**25,000**	25,000
Unallocated pledged bank deposits	**106,524**	54,062
Unallocated deposit	**20,000**	–
Unallocated cash and bank balances	**204,493**	17,291
Unallocated corporate assets	**231**	256
Consolidated total assets	**837,776**	551,529
Liabilities		
Reportable segment liabilities	**(25,475)**	(17,435)
Unallocated finance lease liabilities	**(2,312)**	(3,859)
Unallocated bank borrowings	**(100,000)**	(51,898)
Unallocated corporate liabilities	**(1,295)**	(1,852)
Consolidated total liabilities	**(129,082)**	(75,044)

(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 2018 and 2017, none of the customers contributed 10% or more of the revenue of the Group.

6. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Reimbursement of expenses	**622**	1,290
Interest income	**1,167**	1,137
Others	**662**	428
	2,451	2,855

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2018	2017
	HK$'000	*HK$'000*
Wages and salaries	**33,005**	31,123
Contributions on defined contribution retirement plans	**902**	882
Other benefits	**1,791**	1,641
	35,698	33,646

8. (LOSS)/PROFIT BEFORE INCOME TAX CREDIT/(EXPENSE)

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit before income tax credit/(expense) is arrived at after charging/(crediting):		
Auditor's remuneration	**770**	1,397
Depreciation of property, plant and equipment	**2,665**	1,788
Written-off of property, plant and equipment	**28**	–
Amortisation of intangible assets	**2,167**	2,223
Exchange (gain)/loss, net	**(205)**	3,566
Consultancy fee	**1,652**	2,603
Impairment loss on loans and interests receivable	**5,597**	14,262
Recovery of impairment loss on loans and interests receivable	**(1,631)**	–
Impairment loss on trade and other receivables	**21,757**	3,427
Recovery of impairment loss on trade and other receivables	**(264)**	–
Operating lease charges in respect of buildings *(note)*	**5,571**	4,556

Note: For the years ended 31 March 2018 and 2017, 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

	2018	2017
	HK$'000	*HK$'000*
Interest on bank borrowings	**906**	1,449
Interest on finance leases	**99**	151
	1,005	1,600

10. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

	2018	2017
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax		
Tax for the year	**1,312**	4,458
Over-provision in respect of prior year	**(137)**	(160)
	1,175	4,298
Deferred tax		
Credit for the year	**(1,582)**	(233)
	(407)	4,065

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit before income tax credit/(expense)	**(25,955)**	25,314
Tax on (loss)/profit before income tax credit/(expense), calculated at the rates applicable to profits in the tax jurisdiction concerned	**(4,283)**	4,177
Tax effect of non-deductible expenses	**1,783**	347
Tax effect of non-taxable revenue	**(2)**	(188)
Tax effect of temporary differences not recognised	**280**	111
Tax effect of tax losses not recognised	**2,077**	113
Utilisation of tax loss previously not recognised	**(25)**	(648)
Over-provision in respect of prior year	**(137)**	(160)
Others	**(100)**	313
Income tax (credit)/expense	**(407)**	4,065

Deferred tax asset of HK$1,281,000 (2017: nil) is recognised for tax losses carried forward to the extent that realisation of related tax benefit through future taxable profits is probable. The Group has not recognised deferred tax asset in respect of the unused tax losses due to the unpredictability of future profit streams. The unused tax losses of HK$21,141,000 (2017: HK$8,705,000) can be carried forward indefinitely.

11. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2018 (2017: nil).

12. (LOSS)/EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	**(25,548)**	21,249
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of Shares for the purpose of basic and diluted (loss)/earnings per share *(notes (a), (b)&(c))*	**1,989,120**	1,322,461

Notes:

(a) Weighted average of 1,989,120,000 Shares for the year ended 31 March 2018 is derived from 4,999,853,300 Shares issued as at 1 April 2017 after taking into account the effects of the share consolidation being completed on 19 October 2017 (note 23(a)) and the rights issue of 1,874,944,986 rights Shares being completed on 17 November 2017 (note 23(b)).

(b) Weighted average of 1,322,461,000 Shares for the year ended 31 March 2017 (restated) is derived from 4,999,853,300 Shares issued during the year after taking into account the effects of the share consolidation being completed on 19 October 2017 (note 23(a)) and the rights issue of 1,874,944,986 rights Shares being completed on 17 November 2017 (note 23(b)).

(c) The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of those options are higher than the average market price for the 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 2016	4,200	15,400	68	6,059	25,727
Additions	–	–	50	–	50
At 31 March 2017, 1 April 2017 and 31 March 2018	**4,200**	**15,400**	**118**	**6,059**	**25,777**
Amortisation					
At 1 April 2016	816	898	31	1,277	3,022
Amortisation	700	770	15	738	2,223
At 31 March 2017 and 1 April 2017	1,516	1,668	46	2,015	5,245
Amortisation	700	770	21	676	2,167
At 31 March 2018	**2,216**	**2,438**	**67**	**2,691**	**7,412**
Net book value					
At 31 March 2018	**1,984**	**12,962**	**51**	**3,368**	**18,365**
At 31 March 2017	2,684	13,732	72	4,044	20,532

14. GOODWILL AND CONTINGENT CONSIDERATION RECEIVABLES

(a) Goodwill

	HK$'000
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	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 flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2017: 3%).

	2018	2017
Discount rate	**16%**	15%
Operating margin*	**34%–45%**	41%–45%
Growth rate within the five-year period	**3%–20%**	0%–11%

* defined as profit before income tax expense divided by revenue

The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on management expectation and the result of the market research and prediction.

(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 (i) the period 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.

15. AVAILABLE-FOR-SALE INVESTMENTS

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

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

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Loans and interests receivable (net of impairment loss)	**202,083**	312,844
Current portion included in current assets	**(200,355)**	(303,399)
Amounts due after one year included in non-current assets	**1,728**	9,445

As at 31 March 2018, loans and interests receivable with an aggregate carrying amount of approximately HK$78.8 million (2017: approximately HK$241.6 million) were secured by assets under legal charges.

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The Group's loan principals charged interests at contract rates ranging from approximately 8% to 36% per annum (2017: approximately 6% to 36% per annum).

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

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

	2018	2017
	HK$'000	*HK$'000*
Within 1 year	**200,355**	303,399
1 to 5 years	**1,036**	7,687
Over 5 years	**692**	1,758
	202,083	312,844

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:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**74,329**	–
31 to 60 days	**20,000**	350
61 to 90 days	**–**	5,000
91 to 180 days	**72,450**	102,872
181 to 360 days	**15,800**	185,255
Over 360 days	**19,504**	19,367
	202,083	312,844

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:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**190,730**	294,894
1 to 90 days past due	**109**	2,960
91 to 180 days past due	**–**	8
181 to 360 days past due	**–**	11,879
Over 360 days past due	**11,244**	3,103
	202,083	312,844

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:

	2018	2017
	HK$'000	*HK$'000*
At 1 April	**24,090**	9,828
Impairment loss recognised	**5,597**	14,262
Recovery of impairment loss previously recognised	**(1,631)**	–
At 31 March	**28,056**	24,090

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

17. TRADE RECEIVABLES

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

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**4,747**	10,121
31 to 60 days	**1,906**	889
61 to 90 days	**401**	655
91 to 180 days	**1,984**	690
181 to 360 days	**2,020**	7,442
Over 360 days	**3,601**	5,554
	14,659	25,351

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

	2018 *HK$'000*	2017 *HK$'000*
1 to 90 days past due	**7,054**	11,665
91 to 180 days past due	**1,984**	690
181 to 360 days past due	**2,020**	7,442
Over 360 days past due	**3,601**	5,554
	14,659	25,351

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:

	2018 *HK$'000*	2017 *HK$'000*
At 1 April	**3,783**	1,746
Impairment loss recognised	**11,098**	2,037
Recovery of impairment loss previously recognised	**(210)**	–
At 31 March	**14,671**	3,783

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

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March	
	2018 ***HK$'000***	2017 *HK$'000*
Accrued revenue *(note (a))*	**7,507**	17,196
Prepayments	**1,105**	2,282
Deposits *(note (b))*	**21,597**	1,933
Other receivables	**201,630**	42,603
	231,839	64,014

Notes:

(a) Included in the balances were accrued interests of HK$2,552,000 (2017: HK$8,490,000).

(b) Included in the balances were deposit paid for investment of HK$20,000,000 (2017: nil). Pursuant to an announcement of the Company dated 12 January 2018, the Group entered into the agreement to conditionally acquire 7.5% equity interest in an investee at cash consideration of HK$116,000,000 on the same day and paid a refundable earnest money of HK$20,000,000. On 31 May 2018, being the extended long stop date according to the Company's announcement dated 29 March 2018, conditions precedent to the completion of the acquisition were not satisfied or waived, accordingly the agreement ceased. As at 31 May 2018, the vendor has returned the refundable earnest money to the Group by way of cheque. Please refer to the announcements of the Company dated 12 January 2018, 29 March 2018 and 31 May 2018 for further details.

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:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**205,139**	49,734
1 to 90 days past due	**16,351**	75
91 to 180 days past due	**75**	10,821
181 to 360 days past due	**150**	175
Over 360 days past due	**9,019**	927
	230,734	61,732

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:

	2018	2017
	HK$'000	*HK$'000*
At 1 April	**5,172**	3,782
Impairment loss recognised	**10,659**	1,390
Recovery of impairment loss previously recognised	**(54)**	–
At 31 March	**15,777**	5,172

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 (2017: 0 to 30) days. The ageing analysis of the trade payables based on invoice date at the end of reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**78**	13
Over 360 days	**294**	294
	372	307

20. ACCRUED LIABILITIES AND OTHER PAYABLES AND RECEIPT IN ADVANCE

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Accrued liabilities and other payables	**9,221**	2,697
Receipt in advance	**14,263**	12,902
	23,484	15,599

21. FINANCE LEASE LIABILITIES

The Group leased 3 (2017: 4) motor vehicles as at 31 March 2018. 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 2018 and 2017 are due as follows:

		2018	
	Minimum lease payments	**Interest**	**Present value**
	HK$'000	***HK$'000***	***HK$'000***
Not later than one year	**1,347**	**(51)**	**1,296**
Later than one year and not later than five years	**1,039**	**(23)**	**1,016**
	2,386	**(74)**	**2,312**

		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

The present value of future lease payments are analysed as:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current liabilities	**1,296**	1,547
Non-current liabilities	**1,016**	2,312
	2,312	3,859

22. BANK BORROWINGS

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current		
Interest bearing		
— bank borrowings due for repayment within one year *(notes (a), (b) & (c))*	**100,000**	51,898

Notes:

(a) The bank borrowings of HK$100,000,000 (2017: HK$50,000,000) were secured by bank deposits of HK$106,524,000 (2017: HK$54,062,000) placed by the Company and a subsidiary in the bank. Interest is charged at Hong Kong Inter-bank Offered Rate ("HIBOR") +1% (2017: HIBOR+2%) per annum.

(b) As at 31 March 2017, the bank borrowing of HK$231,000 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, an executive Director, the chief executive officer and the company secretary. Interest is charged at 0.55% per month.

(c) As at 31 March 2017, the bank borrowing of HK$1,667,000 was secured by guarantees from the Company and Mr. Luk Kee Yan Kelvin who resigned as an executive Director on 20 April 2017 and confirmed in writing of his intention to provide guarantee for bank borrowing until the Group has repaid the bank borrowing. Interest is charged at HK$ prime rate quoted by the bank minus 0.5% per annum.

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

At 31 March 2018 and 2017, the bank borrowings were scheduled to repay within one year or on demand.

The Group regularly monitors the compliance with these covenants and the scheduled repayments of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the subsidiary continues to meet these requirements. As at 31 March 2018, none of the covenants relating to drawn down facilities had been breached.

23. SHARE CAPITAL

	Number of ordinary shares at HK$0.016 each	Number of ordinary shares at HK$0.064 each	HK$'000
Authorised			
At 1 April 2016, 31 March 2017 and 1 April 2017	5,000,000,000	–	80,000
Effect of share consolidation *(note (a))*	(5,000,000,000)	1,250,000,000	–
Increase in authorised share capital *(note (a))*	–	7,750,000,000	496,000
At 31 March 2018	–	9,000,000,000	576,000
Issued			
At 1 April 2016, 31 March 2017, and 1 April 2017	4,999,853,300	–	79,998
Effect of share consolidation *(note (a))*	(4,999,853,300)	1,249,963,325	–
Effect of rights issue *(note (b))*	–	1,874,944,986	119,996
At 31 March 2018	–	3,124,908,311	199,994

Notes:

(a) Pursuant to the share consolidation being completed on 19 October 2017, every four of the then existing issued and unissued Shares of par value of HK$0.016 each in the share capital of the Company was consolidated into one consolidated Share of par value of HK$0.064 each. Upon the share consolidation and increase in authorised share capital of the Company becoming effective, the authorised share capital of the Company increased from HK$80,000,000 divided into 1,250,000,000 consolidated Shares to HK$576,000,000 divided into 9,000,000,000 consolidated Shares by the creation of an additional 7,750,000,000 consolidated Shares.

(b) Pursuant to the rights issue being completed on 17 November 2017, a total of 1,874,944,986 rights Shares were issued on the basis of three rights Shares for every two consolidated Shares as at 26 October 2017 at HK$0.15 per rights Share.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2018, the Group's provision of valuation and advisory services contributed approximately 70.4% of the total revenue to the Group. The Group recorded a decrease in revenue generated from the provision of valuation and advisory services of approximately 39.6% as compared with that for the year ended 31 March 2017. The Group always uses its best endeavours to explore various merger and acquisition opportunities and/or business collaboration to enhance its market presence in the valuation and advisory industry in Hong Kong.

The Group's provision of financing services contributed approximately 29.6% of the total revenue to the Group for the year ended 31 March 2018. With the net proceeds from the rights issue of Shares in December 2014, placing of Shares in February 2016 and the rights issue of Shares in November 2017, the Group has continued to develop the provision of financing services. During the year ended 31 March 2018, the Group had a loan portfolio, which mainly included, among others, (i) loans secured by charges over equity and properties; and (ii) unsecured loans. In view of 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 2018 decreased by approximately 46.5% as compared with that for the year ended 31 March 2017. In addition, the recognition of impairment loss on certain loans and interests receivable significantly decreased by approximately 60.8% for the year ended 31 March 2018 as compared with that for the year ended 31 March 2017 due to more stringent credit controls imposed by the Group.

In July 2017, the Group entered into two sale and purchase agreements in relation to proposed acquisitions of two companies in Hong Kong, one of which is licensed by the Securities and Futures Commission of Hong Kong for certain regulated activities under the Securities and Futures Ordinance and the other one is principally engaged in money lending business. In December 2017, the abovementioned agreements were terminated. Further details could be found in the Company's announcements dated 27 July 2017 and 13 December 2017. The Group, however, has continuously looked for different opportunities to increase the value of the Group.

With the expansion of the Group, the Group's employee benefit expenses increased by approximately 6.1% for the year ended 31 March 2018 as compared with those for the year ended 31 March 2017. 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 2018, the Group recorded a decrease of approximately 41.8% in revenue as compared with that for the year ended 31 March 2017. Such a decrease was mainly due to the decrease in both services fee income generated from provision of valuation and advisory services and interest income generated from provision of financing services.

The services fee income generated from provision of valuation and advisory services decreased to approximately HK$45.9 million for the year ended 31 March 2018 from approximately HK$76.0 million for the year ended 31 March 2017 and contributed approximately 70.4% of the total revenue to the Group for the year ended 31 March 2018. The decrease in service fee income for the year ended 31 March 2018 was mainly due to less demand for natural resources valuation and technical advisory services during the year ended 31 March 2018 as compared with those during the year ended 31 March 2017.

The interest income generated from provision of financing services decreased to approximately HK$19.3 million for the year ended 31 March 2018 from approximately HK$36.0 million for the year ended 31 March 2017 and contributed approximately 29.6% of the total revenue to the Group for the year ended 31 March 2018. The decrease in interest income for the year ended 31 March 2018 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 2018 as compared with those during the year ended 31 March 2017.

Other income

The Group's other income decreased by approximately 14.2% for the year ended 31 March 2018 as compared with that for the year ended 31 March 2017. Such a decrease was mainly attributable to the decrease in reimbursable income from the Group's customers.

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 6.1% for the year ended 31 March 2018 as compared with those for the year ended 31 March 2017. The increase was mainly attributable to the increase in the average salary level of the staff for the year ended 31 March 2018 as compared with that for the year ended 31 March 2017.

Depreciation and amortisation

The Group recorded an increase of approximately 20.5% in depreciation and amortisation for the year ended 31 March 2018 as compared with that for the year ended 31 March 2017, which was mainly attributable to additions of leasehold improvement for the new office premise.

Finance costs

The Group recorded a decrease of approximately 37.2% in finance costs for the year ended 31 March 2018 as compared with those for the year ended 31 March 2017, which was mainly due to (i) the drop of interest rates offered by a bank for two of the bank loans; and (ii) the full repayment of another two of the bank loans during the year ended 31 March 2018.

Other expenses

The Group's other expenses increased by approximately 3.5% for the year ended 31 March 2018 as compared with those for the year ended 31 March 2017. The increase was mainly attributable to increase in the impairment loss on trade and other receivables outweighing the decrease in the impairment loss on loans and interests receivable for the year ended 31 March 2018.

Loss attributable to owners of the Company

Loss attributable to owners of the Company amounted to approximately HK$25.5 million for the year ended 31 March 2018 whereas there was profit attributable to owners of the Company of approximately HK$21.2 million for the year ended 31 March 2017. It was mainly attributable to the significant decrease in the Group's total revenue and the increase in the Group's employee benefit expenses for the year ended 31 March 2018.

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

On 8 July 2015, the Group 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, a 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 further increased to HK$62 million and renewed for another year at the same interest rate with the same number of pledged shares. As at 31 March 2018, such facility had been drawn up to approximately HK$61.8 million and matured. Follow up works have been taken. For further details, please refer to the Company's announcements dated 8 July 2015 and 30 August 2016.

On 22 July 2015, the Group 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, a 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 2018, the Loan B matured. Legal proceedings against the customer to recover all the outstanding balances is in progress. For further details, please refer to the Company's announcement dated 22 July 2015.

On 13 April 2016, the Group 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 C") to a recurring client who executed a share charge in favour of the Group to charge certain shares of a company listed on the Stock Exchange to the Group as security in connection with the Loan C. As at 31 March 2018, the Loan C matured. Follow up works have been taken. For further details, please refer to the Company's announcement dated 13 April 2016.

On 11 May 2016, the Group 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 D") to a recurring client who executed a share charge in favour of the Group to charge certain shares of a company listed on the Stock Exchange to the Group as security in connection with the Loan D. As at 31 March 2018, the Loan D matured. Follow up works have been taken. For further details, please refer to the Company's announcement dated 11 May 2016.

On 14 July 2016, the Group granted a loan facility of HK$39 million at an interest rate of 12% per annum for a term of one year (the "Loan E") to a recurring client who executed a share charge in favour of the Group to charge certain shares of a company listed on the Stock Exchange to the Group as security in connection with the Loan E. As at 31 March 2018, the Loan E matured. Follow up works have been taken. For further details, please refer to the Company's announcement dated 14 July 2016.

On 24 November 2017 the Group granted a loan of HK$40 million at an interest rate of 16% per annum for a term of six months (the "Loan F") to a company, for which a guarantor executed a guarantee in favour of the Group. As at 31 March 2018, the Loan F had yet to mature. For further details, please refer to the Company's announcement dated 24 November 2017.

On 21 May 2018, subsequent to the year ended 31 March 2018, the Group granted a loan facility of approximately HK$60.7 million at an interest rate of 14.5% per annum for a term of 7.5 months (the "Loan G") to a company named "Classic Charm Investments Limited" which executed, a share charge in favour of the Group to charge 99,000,000 shares of HK$0.01 each in the share capital of Takbo Group Holdings Limited (a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange) to the Group as security for the Loan G, pursuant to a loan agreement entered into between the Group and the borrower on 21 May 2018. Pursuant to the loan agreement, the Borrower shall repay the loan in full in one lump sum together with outstanding interest accrued thereon on 4 January 2018. As the aggregate amount of such loan exceeds 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules, the grant of such loan is subject to the general disclosure obligations under Rule 17.15 of the GEM Listing Rules. As at the date of this announcement, such loan continues to exist. For further details, please refer to the Company's announcement dated 21 May 2018.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2018, 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 2018 and 31 March 2017, the Group had net current assets of approximately HK$634.8 million and HK$396.3 million respectively, including cash and bank balances of approximately HK$204.5 million and HK$17.3 million respectively. The Group's pledged bank deposits of approximately HK$106.5 million as at 31 March 2018 represented cash at bank held by the Group and pledged for bank borrowings. The Group's current ratio were approximately 6.1 and 6.7 as at 31 March 2018 and 31 March 2017 respectively.

As at 31 March 2018 and 31 March 2017, the Group's total bank borrowings amounted to approximately HK$100.0 million and HK$51.9 million respectively. All bank borrowings were denominated in HK$. Details of the bank borrowings of the Group are set out in note 22 to the consolidated financial statements in this announcement. As at 31 March 2018 and 31 March 2017, the Group's total finance lease liabilities amounted to approximately HK$2.3 million and HK$3.9 million respectively. The Group's gearing ratio increased to approximately 0.14 as at 31 March 2018 from approximately 0.12 as at 31 March 2017.

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$9.1 million and HK$13.6 million as at 31 March 2018 and 31 March 2017 respectively. As at 31 March 2018, the Group did not have any capital commitments (31 March 2017: 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 2018 (31 March 2017: nil).

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2018, the Group's exposure to currency risk was limited to its bank balances denominated in Renminbi ("RMB") as a majority of the Group's transactions, monetary assets and liabilities are denominated in HK$ and United States Dollars ("US$"). In the event that RMB appreciated by 3% against HK$, the Group's loss for the year ended 31 March 2018 would decrease by approximately HK$596,000 (2017: the Group's profit increased by approximately HK$1,000). On the contrary, if RMB depreciated by 3% against HK$, the Group's loss for the year ended 31 March 2018 would increase by approximately HK$596,000 (2017: the Group's profit decreased by approximately HK$1,000). As US$ is pegged to HK$, the Group does not expect any significant movements in the US$/HK$ exchange rates. The Group will continue to monitor its foreign currency exposure closely.

PLEDGE OF ASSETS

As at 31 March 2018, save for the pledged bank deposits and motor vehicles acquired under finance leases, the Group did not pledge any of its assets (31 March 2017: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018 and 31 March 2017, the Group employed a total of 67 and 65 full-time employees respectively. The Group's total employee benefit expenses were approximately HK$35.7 million and HK$33.6 million for the years ended 31 March 2018 and 31 March 2017 respectively. Remuneration is determined by reference to market conditions and the performance, qualification and experience of individual employee. In addition to a basic salary, discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

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 "2014 RI Proceeds"). Up to the date of this announcement, (i) HK$36.7 million of the 2014 RI Proceeds was paid for the acquisition of equity interest in Bonus Boost International Limited which has a wholly-owned subsidiary principally involved in acting as a surveyor, valuer and property consultant; (ii) HK$25 million of the 2014 RI Proceeds was paid for the acquisition of 19.9% equity interest in Greater China Appraisal Limited which is principally engaged in the provision of assets appraisal services; and (iii) approximately HK$126.3 million of the 2014 RI Proceeds, being the entire portion intended to be used for the Group's provision of financing services, was utilised for granting of mortgage loans to independent third parties. The Group continues to look for suitable business opportunities to utilise the remaining portion of the 2014 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 2018, such unutilised net proceeds were kept as cash at and placed as deposits with licensed banks in Hong Kong.

The rights issue in 2017

In November 2017, the Company raised fund of net proceeds of approximately HK$258 million from its rights issue of 1,874,944,986 Shares (the "2017 RI Proceeds"). Up to the date of this announcement, approximately HK$85.0 million of the 2017 RI Proceeds was utilised for granting of various loans and approximately HK$0.1 million of the 2017 RI Proceeds was used for the Group's general working capital, and the rest was kept as cash at a licensed bank in Hong Kong. Proposed use of the 2017 RI Proceeds are set as below.

	Proposed use of the 2017 RI Proceeds *(HK$ in million)*	**Actual use of the 2017 RI Proceeds up to date of this announcement** *(HK$ in million)*
Expansion of the Group's existing financing business	135.0	85.0
Investment in potential businesses	90.0	–
General working capital	33.0	0.1
Total	258.0	85.1

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2018, save as disclosed below, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies.

In July 2017, the Group entered into two sale and purchase agreements in relation to proposed acquisitions of two companies in Hong Kong, one of which is licensed by the Securities and Futures Commission of Hong Kong and the other one is principally engaged in money lending business. Upon completion, each of these two companies would become an associated company of the Company. In December 2017, the abovementioned agreements were terminated. Further details could be found in the Company's announcements dated 27 July 2017 and 13 December 2017.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2018 (2017: 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.

Reference is made to the announcements of the Company dated 12 January 2018 and 29 March 2018 in relation to (i) the sale and purchase agreement (the "Agreement") dated 12 January 2018 and entered into between Glorious Sky Group Limited, an indirect wholly-owned subsidiary of the Company, as purchaser (the "Purchaser") and Novel Sky Holdings Limited as vendor (the "Vendor") pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 7,500,000 shares of CDE Holdings Limited; and (ii) the extension of the long stop date from 31 March 2018 to 31 May 2018 as additional time would be required by the Purchaser to conduct due diligence review of the target group.

As at 31 May 2018, being the extended long stop date, the due diligence review of the target group, being one of the conditions precedent to the completion, has not been completed. Since such condition precedent has not been satisfied nor waived by the Purchaser on or before 12:00 noon on the extended long stop date and the Vendor does not agree to extend the long stop date further, in accordance with the terms and conditions of the Agreement, the Agreement has ceased and determined on 31 May 2018. Please refer to a separate announcement published by the Company on 31 May 2018 for further details.

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 with the 2017 RI Proceeds to maximise the return to the Group. In addition, in order to diversify the Group's revenue streams other than provision of valuation and advisory services and provision of financing services, the Group is in the process of applying for a licence under the Hong Kong Securities and Futures Ordinance to carry on Type 1 regulated activity (i.e. dealing in securities).

OTHER INFORMATION

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

During the year ended 31 March 2018, the Company and its subsidiaries did not purchase, sell or redeem any of its Shares listed on GEM.

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 of the Company and enhance the business growth of the Group.

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 during the year ended 31 March 2018 except the following deviation:

Code provision A.2.1 of the CG Code 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 2018, there were times when the roles of the chairman (the "Chairman") and chief executive officer ("CEO") of the Company were performed by the same individual, the details of which are set out below:

1. for the period from 1 April 2017 to 20 April 2017, Mr. Luk Kee Yan Kelvin ("Mr. Luk") was both the Chairman and the CEO;

2. following the resignation of Mr. Luk as an executive Director, the Chairman and the CEO and his cessation as a member of each of the remuneration committee and the nomination committee and an authorised representative of the Company on 20 April 2017, Mr. Yue Kwai Wa Ken ("Mr. Yue") was redesignated as the Chairman and the CEO. Therefore, for the period from 20 April 2017 and up to 2 June 2017 (the date when Dr. Cheung Wai Bun Charles, *J.P.* ("Dr. Cheung") was appointed as the Chairman and executive Director), Mr. Yue was both the Chairman and the CEO;

3. upon the resignation of Mr. Lum Pak Sum as the CEO and Dr. Cheung as the Chairman with effect from 1 October 2017 and 18 December 2017, respectively, Mr. Yue was redesignated as the CEO and the Chairman with effect from 1 October 2017 and 18 December 2017, respectively. Therefore, starting from 18 December 2017 and up to the date of this announcement, Mr. Yue has been both the Chairman and the CEO.

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

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 2018.

ENVIRONMENTAL POLICY

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

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as its valuable assets and it strictly complies with the labour laws and regulations in Hong Kong and reviews regularly the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as the medical reimbursement and organises 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 2018, 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 made specific enquiries of all Directors by the Company, all Directors confirmed that they had complied with the required standard of dealings and the Company's code of conduct concerning securities transactions by the Directors during the year ended 31 March 2018.

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 its holding company or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 March 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2018 and up to the date of this announcement, none of the Directors or any of their respective close associates (as defined in the GEM Listing Rules), engaged in any business that competed or might compete with the businesses of the Group, or had any other conflict of interest with the Group.

AUDIT COMMITTEE

The audit committee of the 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 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. Choi Wai Tong Winton, Mr. Ko Wai Lun Warren 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 2018.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in this announcement have been agreed by the Company's independent auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

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

Hong Kong, 31 May 2018

As at the date of this announcement, the executive Directors are Mr. Yue Kwai Wa Ken (Chairman and Chief Executive Officer), Ms. Chan Hong Nei Connie and Mr. Li Sheung Him Michael; and the independent non-executive Directors are Mr. Choi Wai Tong Winton, Mr. Ko Wai Lun Warren, Ms. Li Tak Yin 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.