

## **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.**

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*This report, 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2016:

- Revenue increased to approximately HK\$60.1 million, representing an increase of approximately 9.2% as compared with that for the six months ended 30 September 2015;
- Profit for the period decreased to approximately HK\$19.0 million, representing a decrease of approximately 11.2% as compared with that for the six months ended 30 September 2015;
- Basic and diluted earnings per share attributable to the ordinary equity holders of the Company were HK0.38 cents; and
- No dividend was declared.

# INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 September 2016 together with the comparative unaudited figures for the corresponding periods in 2015 as follows:

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2016

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	3	35,128	30,611	60,054	55,002
Other income	5	698	1,024	1,889	2,438
Employee benefit expenses	6	(9,724)	(8,031)	(17,969)	(15,681)
Depreciation and amortisation	7	(1,011)	(938)	(2,014)	(1,903)
Finance costs	8	(430)	(299)	(805)	(523)
Other expenses		(10,468)	(6,876)	(17,852)	(13,033)
<b>Profit before income tax expense</b>	7	<b>14,193</b>	15,491	<b>23,303</b>	26,300
Income tax expense	9	(2,626)	(2,840)	(4,322)	(4,918)
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>11,567</b>	12,651	<b>18,981</b>	21,382
<b>Earnings per share</b>					
— Basic (HK cents)	11	0.23	0.30	0.38	0.50
— Diluted (HK cents)	11	0.23	0.30	0.38	0.50

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	5,805	6,600
Intangible assets		21,585	22,705
Goodwill	13	25,329	25,329
Available-for-sale investments	14	25,000	25,000
Loans and interests receivable	15	11,205	11,076
		<b>88,924</b>	90,710
<b>Current assets</b>			
Loans and interests receivable	15	301,513	273,406
Trade receivables	16	30,459	23,647
Prepayments, deposits and other receivables	17	43,779	43,442
Pledged bank deposits	18	61,873	61,758
Cash and bank balances		31,514	40,312
		<b>469,138</b>	442,565
<b>Current liabilities</b>			
Trade payables	19	298	323
Accrued liabilities and other payables and receipt in advance	20	12,907	15,093
Finance lease liabilities	21	1,587	1,560
Bank borrowings	22	56,921	50,316
Current tax liabilities		6,184	3,706
		<b>77,897</b>	70,998
<b>Net current assets</b>		<b>391,241</b>	371,567
<b>Total assets less current liabilities</b>		<b>480,165</b>	462,277
<b>Non-current liabilities</b>			
Finance lease liabilities	21	3,059	3,859
Bank borrowing	22	59	231
Deferred tax liabilities		2,830	2,951
		<b>5,948</b>	7,041
<b>Net assets</b>		<b>474,217</b>	455,236
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	23	79,998	79,998
Reserves		394,219	375,238
<b>Total equity</b>		<b>474,217</b>	455,236

# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Share option reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000
<b>At 1 April 2016 (audited)</b>	<b>79,998</b>	<b>272,298</b>	<b>10</b>	<b>1,345</b>	<b>101,585</b>	<b>455,236</b>
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Profit and total comprehensive income for the period	-	-	-	-	<b>18,981</b>	<b>18,981</b>
<b>At 30 September 2016 (unaudited)</b>	<b>79,998</b>	<b>272,298</b>	<b>10</b>	<b>1,345</b>	<b>120,566</b>	<b>474,217</b>
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<b>At 1 April 2015 (audited)</b>	67,906	260,162	10	1,211	64,998	394,287
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Exercise of share options (note 23)	508	3,265	-	-	-	3,773
Equity-settlement share-based payment	-	-	-	78	-	78
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Transactions with owners	508	3,265	-	78	-	3,851
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Profit and total comprehensive income for the period	-	-	-	-	21,382	21,382
<b>At 30 September 2015 (unaudited)</b>	<b>68,414</b>	<b>263,427</b>	<b>10</b>	<b>1,289</b>	<b>86,380</b>	<b>419,520</b>

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

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Note	For the six months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Net cash used in operating activities</b>		<b>(13,993)</b>	(87,705)
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<b>Cash flows from investing activities</b>			
Interests received		554	893
Purchase of property, plant and equipment		(99)	(148)
Purchase of intangible assets		–	(5,300)
Increase in pledged bank deposits		(115)	(62,375)
<b>Net cash generated from/(used in) investing activities</b>		<b>340</b>	(66,930)
<hr/>			
<b>Cash flows from financing activities</b>			
Proceeds from exercise of share options	23	–	3,773
Proceeds from bank borrowings		9,790	20,000
Repayments of bank borrowings		(3,357)	(255)
Repayments of finance lease liabilities		(773)	(436)
Interests paid		(805)	(523)
<b>Net cash generated from financing activities</b>		<b>4,855</b>	22,559
<hr/>			
<b>Net decrease in cash and cash equivalents</b>		<b>(8,798)</b>	(132,076)
<b>Cash and cash equivalents at the beginning of period</b>		<b>40,312</b>	216,080
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<b>Cash and cash equivalents at the end of period</b>		<b>31,514</b>	84,004
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<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances		31,514	84,004

# NOTES TO THE 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 Unit 3806, 38th Floor, China Resources Building, 26 Harbour 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 ("Aperto") (incorporated in the British Virgin Islands).

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

## 2. BASIS OF PREPARATION

### (a) Basis of preparation and accounting policies

This unaudited condensed consolidated financial statements for the three months and six months ended 30 September 2016 ("Interim Financial Information") has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the GEM Listing Rules.

The Interim Financial Information does not include all of the information and disclosures required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which comprises all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2016.

Except as for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Company's financial year beginning on 1 April 2016, the accounting policies applied in preparing this Interim Financial Information are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in the annual financial statements. The Directors anticipate that the application of these new and revised HKFRSs will not have material impact on the Interim Financial Information of the Group.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The application of these new and revised HKFRSs will not have material impact on the Interim Financial Information of the Group.

The preparation of Interim Financial Information requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by the Company's management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2016.

**(b) Basis of measurement**

The Interim Financial Information has been prepared under the historical cost basis.

**(c) Functional and presentation currency**

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

### 3. REVENUE

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

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

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Services fee income from provision of valuation and advisory services	25,841	17,038	41,655	33,875
Interest income from provision of financing services	9,287	13,573	18,399	21,127
	<b>35,128</b>	30,611	<b>60,054</b>	55,002

### 4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the 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 six months ended 30 September 2016 (unaudited)**

	Valuation and advisory services HK\$'000	Financing services HK\$'000	All other segments HK\$'000	Total HK\$'000
Segment revenue (note (i))	41,655	18,399	–	60,054
Segment results (note (ii))	17,640	10,545	(36)	28,149
<b>Other segment information</b>				
Depreciation	(67)	–	(24)	(91)
Amortisation	(1,120)	–	–	(1,120)
Impairment loss on loans and interests receivable	–	(1,569)	–	(1,569)
Reversal of impairment loss on trade and other receivables	322	–	–	322
Income tax expense	(2,852)	(1,504)	34	(4,322)
Additions to non-current assets (excluding financial instruments)	82	–	–	82
Segment assets (as at 30 September 2016)	101,448	332,146	658	434,252
Segment liabilities (as at 30 September 2016)	(17,365)	(3,952)	(69)	(21,386)

**For the six months ended 30 September 2015 (unaudited)**

Segment revenue (note (i))	33,875	21,127	–	55,002
Segment results (note (ii))	12,659	17,421	870	30,950
<b>Other segment information</b>				
Depreciation	(68)	–	(24)	(92)
Amortisation	(1,250)	–	–	(1,250)
Reversal of impairment loss on loans and interests receivable	–	42	–	42
Income tax expense	(2,034)	(2,853)	(31)	(4,918)
Additions to non-current assets (excluding financial instruments)	5,406	–	–	5,406
Segment assets (as at 31 March 2016)	94,242	304,624	975	399,841
Segment liabilities (as at 31 March 2016)	(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 periods.
- (ii) The accounting policies of the operating segments are same as the Group's accounting policies described in note 2 to the Interim Financial Information. 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**

	<b>For the six months ended 30 September 2016 HK\$'000 (unaudited)</b>	For the six months ended 30 September 2015 HK\$'000 (unaudited)
<b>Profit before income tax expense</b>		
Reportable segment profit	<b>28,149</b>	30,950
Unallocated interest income	<b>639</b>	893
Unallocated employee benefit expenses	<b>(2,397)</b>	(2,196)
Unallocated depreciation	<b>(803)</b>	(561)
Unallocated finance costs	<b>(805)</b>	(523)
Unallocated other expenses	<b>(1,480)</b>	(2,263)
	<hr/>	<hr/>
Consolidated profit before income tax expense	<b>23,303</b>	26,300
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	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
<b>Assets</b>		
Reportable segment assets	<b>434,252</b>	399,841
Unallocated property, plant and equipment	<b>5,323</b>	6,108
Unallocated available-for-sale investments	<b>25,000</b>	25,000
Unallocated pledged bank deposits	<b>61,873</b>	61,758
Unallocated cash and bank balances	<b>31,514</b>	40,312
Unallocated corporate assets	<b>100</b>	256
	<hr/>	
Consolidated total assets	<b>558,062</b>	533,275
	<hr/>	
<b>Liabilities</b>		
Reportable segment liabilities	<b>(21,386)</b>	(21,128)
Unallocated finance lease liabilities	<b>(4,646)</b>	(5,419)
Unallocated bank borrowings	<b>(56,980)</b>	(50,547)
Unallocated corporate liabilities	<b>(833)</b>	(945)
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Consolidated total liabilities	<b>(83,845)</b>	(78,039)
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**(c) Geographical segment information**

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

**(d) Information about major customer**

For the six months ended 30 September 2016 and 2015, none of the customers contributed 10% or more of the revenue of the Group.

## 5. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Reimbursement of expenses	407	283	842	950
Interest income	313	450	639	893
Others	(22)	291	408	595
	<b>698</b>	1,024	<b>1,889</b>	2,438

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

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Wages and salaries	8,979	7,377	16,490	14,422
Contributions on defined contribution retirement plans	243	217	467	423
Share-based payment compensation — equity settled	—	78	—	78
Other benefits	502	359	1,012	758
	<b>9,724</b>	8,031	<b>17,969</b>	15,681

## 7. PROFIT BEFORE INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Profit before income tax expense is arrived at after charging/(crediting):				
Auditor's remuneration	162	235	325	435
Depreciation of property, plant and equipment	451	274	894	653
Amortisation of intangible assets	560	664	1,120	1,250
Exchange (gain)/loss, net	6	(14)	(154)	54
Consultancy fee	2,617	1,289	4,631	1,744
Impairment loss/(reversal of impairment loss) on loans and interests receivable	1,580	(4)	1,569	(42)
Reversal of impairment loss on trade and other receivables	(213)	–	(322)	–
Operating lease charges in respect of buildings	1,133	1,127	2,268	2,449

## 8. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interest on bank borrowings	391	274	723	470
Interest on finance leases	39	25	82	53
	430	299	805	523

## 9. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the periods.

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax				
Tax for the period	2,626	2,840	4,421	4,918
Over-provision in respect of prior year	-	-	(99)	-
	<b>2,626</b>	2,840	<b>4,322</b>	4,918

## 10. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 30 September 2016 (2015: nil).

## 11. 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:

	For the three months ended 30 September		For the six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Earnings</b>				
Earnings for the purpose of basic and diluted earnings per share	<b>11,567</b>	12,651	<b>18,981</b>	21,382
	'000	'000	'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))

<b>4,999,853</b>	4,275,853	<b>4,999,853</b>	4,264,593
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Notes:

- The number of ordinary Shares was 4,999,853,300 as of 1 April, 1 July and 30 September 2016.
- Weighted average of 4,275,853,000 and 4,264,593,000 ordinary Shares for the three months and six months ended 30 September 2015 respectively are derived from 4,275,853,300 ordinary Shares issued as at 1 July 2015 and 4,244,150,000 ordinary Shares issued as at 1 April 2015 after taking into account the effect of the exercise of share options by an executive Director and certain employees of the Group during the six months ended 30 September 2015.
- As at 30 September 2016 and 30 September 2015, it was assumed that no share option holder would exercise any outstanding share options as the exercise prices of those options were higher than the average market price of the Shares.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group acquired items of property, plant and equipment with total costs of approximately HK\$0.1 million (six months ended 30 September 2015: approximately HK\$0.1 million).

### 13. GOODWILL

HK\$'000

At 1 April 2015 (audited), 30 September 2015 (unaudited), 1 April 2016 (audited) and 30 September 2016 (unaudited)	25,329
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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 International Limited and its subsidiary.

The recoverable amount of the goodwill has been determined from value-in-use calculation based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2015: 3%).

**31 March 2016  
and  
30 September 2016**

Discount rate	15%
Operating margin*	39%–43%
Growth rate within the five-year period	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.

### 14. 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.

## 15. LOANS AND INTERESTS RECEIVABLE

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Loans and interests receivable (net of impairment loss)	<b>312,718</b>	284,482
Current portion included in current assets	<b>(301,513)</b>	(273,406)
<hr/>		
Amounts due after one year included in non-current assets	<b>11,205</b>	11,076

As at 30 September 2016, loans and interests receivable with an aggregate carrying amount of approximately HK\$237.7 million (31 March 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 9%–36% per annum (31 March 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 at the end of reporting period, based on the maturity date, is as follows:

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Current	<b>301,513</b>	273,406
1 to 5 years	<b>7,962</b>	7,021
Over 5 years	<b>3,243</b>	4,055
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	<b>312,718</b>	284,482

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

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
0 to 30 days	<b>23,254</b>	25,890
31 to 60 days	<b>65,266</b>	9,300
61 to 90 days	<b>44,758</b>	24,225
91 to 180 days	<b>75,649</b>	116,850
181 to 360 days	<b>70,363</b>	82,771
Over 360 days	<b>33,428</b>	25,446
	<b>312,718</b>	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 period/year:

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
At the beginning of reporting period/year	<b>9,828</b>	73
Impairment loss recognised	<b>1,569</b>	9,755
	<b>11,397</b>	9,828

The Group recognised impairment loss based on the accounting policy as set out in the annual financial statements for the year ended 31 March 2016.

## 16. 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:

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
0 to 30 days	<b>12,491</b>	11,502
31 to 60 days	<b>1,168</b>	2,994
61 to 90 days	<b>982</b>	1,589
91 to 180 days	<b>3,820</b>	818
181 to 360 days	<b>6,715</b>	3,856
Over 360 days	<b>5,283</b>	2,888
	<b>30,459</b>	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 period/year:

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
At the beginning of reporting period/year	<b>1,746</b>	491
Reversal of provision for impairment loss	<b>(303)</b>	–
Impairment loss recognised	–	1,255
At the end of reporting period/year	<b>1,443</b>	1,746

The Group recognised impairment loss based on the accounting policy as set out in the annual financial statements for the year ended 31 March 2016.

## 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Accrued revenue*	<b>14,195</b>	13,636
Prepayments	<b>1,804</b>	1,133
Deposits and other receivables	<b>27,780</b>	28,673
	<b>43,779</b>	43,442

\* Included in the balances were accrued interests of HK\$6,280,000 (31 March 2016: HK\$7,488,000).

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

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
At the beginning of reporting period/year	<b>3,782</b>	2,202
Reversal of provision for impairment loss	<b>(19)</b>	–
Impairment loss recognised	–	1,580
At the end of reporting period/year	<b>3,763</b>	3,782

The Group recognised impairment loss based on the accounting policy as set out in the annual financial statements for the year ended 31 March 2016.

## 18. PLEDGED BANK DEPOSITS

Pledged bank deposits represented cash at bank held by the Company and a subsidiary pledged for a bank borrowing (note 22).

## 19. TRADE PAYABLES

At the end of the reporting period, the Group was granted by its suppliers credit periods ranging from 0 to 30 (31 March 2016: 0 to 30) days. The ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
0 to 30 days	–	29
181 to 360 days	<b>4</b>	–
Over 360 days	<b>294</b>	294
	<hr/> <b>298</b>	<hr/> 323

## 20. ACCRUED LIABILITIES AND OTHER PAYABLES AND RECEIPT IN ADVANCE

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Accrued liabilities and other payables	<b>1,293</b>	5,102
Receipt in advance	<b>11,614</b>	9,991
	<hr/> <b>12,907</b>	<hr/> 15,093

## 21. FINANCE LEASE LIABILITIES

The Group leased 4 motor vehicles as at 30 September 2016 (31 March 2016: 4). 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 are due as follows:

### As at 30 September 2016

	<b>Minimum lease payments HK\$'000 (unaudited)</b>	<b>Interest HK\$'000 (unaudited)</b>	<b>Present value HK\$'000 (unaudited)</b>
Not later than one year	1,712	(125)	1,587
Later than one year and not later than five years	3,175	(116)	3,059
	<b>4,887</b>	<b>(241)</b>	<b>4,646</b>

### As at 31 March 2016

	Minimum lease payments HK\$'000 (audited)	Interest HK\$'000 (audited)	Present value HK\$'000 (audited)
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
	<b>5,743</b>	<b>(324)</b>	<b>5,419</b>

The present value of future lease payments are analysed as:

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Current liabilities	<b>1,587</b>	1,560
Non-current liabilities	<b>3,059</b>	3,859
	<b>4,646</b>	5,419

## 22. BANK BORROWINGS

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Current		
Interest bearing		
— bank borrowings due for repayment within one year (notes (a), (b) & (c))	<b>56,921</b>	50,316
Non-current		
Interest bearing		
— bank borrowing (note (b))	<b>59</b>	231
	<b>56,980</b>	50,547

Notes:

- (a) The bank borrowing of HK\$50,000,000 (unaudited) (31 March 2016: HK\$50,000,000) was secured by bank deposits of HK\$61,873,000 (unaudited) (31 March 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 + 2% (31 March 2016: Hong Kong Inter-bank Offered Rate + 2%).

- (b) The bank borrowing of HK\$393,000 (unaudited) (31 March 2016: HK\$547,000) was secured by guarantee from the executive Directors. Interest is charged at 0.55% (31 March 2016: 0.55%) per month.
- (c) The bank borrowing of HK\$6,587,000 (unaudited) (31 March 2016: nil) was secured by guarantee from an executive Director. Interest is charged at prime rate -0.5% (31 March 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, one of the subsidiaries' loan agreements 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 the end of the reporting period, total current and non-current bank borrowings were scheduled to repay as follows:

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
On demand or within one year	<b>56,921</b>	50,316
More than one year, but not exceeding two years	<b>59</b>	231
	<b>56,980</b>	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 30 September 2016, none of the covenants relating to drawn down facilities had been breached.

## 23. SHARE CAPITAL

	Number of ordinary Shares	HK\$'000
<b>Authorised</b>		
As at 1 April 2015 (audited), 30 September 2015 (unaudited), 1 April 2016 (audited) and 30 September 2016 (unaudited), ordinary Shares of HK\$0.016 each	5,000,000,000	80,000
<b>Issued</b>		
As at 1 April 2015 (audited), ordinary Shares of HK\$0.016 each	4,244,150,000	67,906
Shares issued on exercise of share options (note)	31,703,300	508
As at 30 September 2015 (unaudited), ordinary Shares of HK\$0.016 each	4,275,853,300	68,414
As at 1 April 2016 (audited) and 30 September 2016 (unaudited), ordinary Shares of HK\$0.016 each	4,999,853,300	79,998

Note: During the six months ended 30 September 2015, 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 six months ended 30 September 2015 in relation to the exercise of share options having the same rights as other ordinary Shares in issue.

## 24. OPERATING LEASE COMMITMENTS

### As a lessee

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

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Within one year	<b>3,006</b>	4,014
In the second to fifth year	<b>700</b>	465
	<b>3,706</b>	4,479

## 25. RELATED PARTY TRANSACTIONS

Save as disclosed in note 22, the Group had the following significant transactions with related parties during the period:

### Key management personnel remuneration

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

	<b>For the three months ended 30 September</b>		<b>For the six months ended 30 September</b>	
	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
Directors' fees	<b>90</b>	90	<b>180</b>	180
Salaries, allowances and other benefits	<b>1,149</b>	1,063	<b>2,199</b>	1,992
Contributions on defined contribution retirement plans	<b>9</b>	9	<b>18</b>	18
Share-based payment compensation — equity settled	–	6	–	6
	<b>1,248</b>	1,168	<b>2,397</b>	2,196

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the six months ended 30 September 2016, the Group's provision of valuation and advisory services contributed approximately 69.4% 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 an increase in revenue generated from the provision of valuation and advisory services of approximately 23.0% as compared with that for the six months ended 30 September 2015. 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 30.6% of the total revenue to the Group for the six months ended 30 September 2016. With the net proceeds from the rights issue of Shares in December 2014 and the placing of Shares in February 2016, the Group continued to develop the provision of financing services and maintain its loan portfolio size. During the six months ended 30 September 2016, 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. Due to 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 six months ended 30 September 2016 decreased by approximately 12.9% as compared with that for the six months ended 30 September 2015.

With the continuous expansion of the Group, the Group's employee benefit expenses still be the major item of expenses of the Group and increased by approximately 14.6% for the six months ended 30 September 2016 as compared with that for the six months ended 30 September 2015. 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 six months ended 30 September 2016, the Group recorded an increase of approximately 9.2% in revenue as compared with that for the six months ended 30 September 2015. Such an increase was mainly attributable to the increase in services fee income generated from provision of valuation and advisory services.

The services fee income generated from provision of valuation and advisory services increased by approximately 23.0% to approximately HK\$41.7 million for the six months ended 30 September 2016 from approximately HK\$33.9 million for the six months ended 30 September 2015. Such an increase was mainly due to more complicated projects engaged during the six months ended 30 September 2016 as compared with that for the six months ended 30 September 2015.

The interest income generated from provision of financing services decreased by approximately 12.8% to approximately HK\$18.4 million for the six months ended 30 September 2016 from approximately HK\$21.1 million for the six months ended 30 September 2015. The decrease in interest income was mainly due to the diversification of loan portfolio by having less mortgage loans but more other types of secured loans during the six months ended 30 September 2016 as compared with that for the six months ended 30 September 2015.

### Other income

The Group's other income decreased by approximately 22.5% for the six months ended 30 September 2016 as compared with that for the six months ended 30 September 2015. Such a decrease was mainly attributable to (i) the decrease in reimbursable income from the Group's customers and (ii) the decrease in the Group's unutilised proceeds from the rights issue of Shares being placed in commercial banks as time deposits for interests during the six months ended 30 September 2016 as compared with those during the six months ended 30 September 2015.

### 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 14.6% for the six months ended 30 September 2016 as compared with that for the six months ended 30 September 2015. The increase was mainly attributable to the increase in the average salary level of the staff for the six months ended 30 September 2016 as compared with that for the six months ended 30 September 2015.

## Depreciation and amortisation

The Group recorded an increase of approximately 5.8% in depreciation and amortisation for the six months ended 30 September 2016 as compared with that for the six months ended 30 September 2015, which was mainly because of the addition of a motor vehicle in March 2016.

## Other expenses

The Group's other expenses increased by approximately 37.0% for the six months ended 30 September 2016 as compared with that for the six months ended 30 September 2015. Along the growth of the Group's valuation and advisory services and the stable development of the financing services, more consultancy fee and entertainment expenses incurred during the six months ended 30 September 2016 as compared with those for the six months ended 30 September 2015. Besides, larger sum of provision for impairment in respect of the Group's certain loans receivable recorded during the six months ended 30 September 2016 as compared with those for the six months ended 30 September 2015.

## Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased to approximately HK\$19.0 million for the six months ended 30 September 2016 from approximately HK\$21.4 million for the six months ended 30 September 2015, representing a decrease of approximately 11.2%. The increases in the Group's other expenses and employee benefit expenses outweighed the increase in the Group's revenue for the six months ended 30 September 2016.

## 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 30 September 2016, 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 30 September 2016, the Loan B was matured. Legal proceeding against the customer to recover the entire outstanding balances is in progress. For further details of such loan, 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 30 September 2016, 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 30 September 2016, 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 30 September 2016, 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 30 September 2016, 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 30 September 2016, the Loan G has yet to mature. For further details, please refer to the Company's announcement dated 14 July 2016.

In relation to a mortgage loan of HK\$10.5 million granted by the Group on 2 May 2014, legal proceeding against the outstanding balances due from the borrower is still in progress. For further details of such loan, please refer to the Company's announcements dated 5 and 16 May 2014.

## **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. Property market in Hong Kong is expected to be uncertain during the year and the Group will continue to diversify its loan portfolio in respect of risk management and also 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.

On 18 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") pursuant to Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange and the relevant provisions of the GEM Listing Rules. For details of the re-submission, please refer to the Company's announcement dated 18 July 2016.

The Stock Exchange is reviewing the Application and as at the date of this report, has not yet been granted the relevant approval.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the six months ended 30 September 2016, the Group mainly financed its operations with its own working capital, bank borrowings and the net proceeds from fund raising activities. As at 30 September 2016 and 31 March 2016, the Group had net current assets of approximately HK\$391.2 million and HK\$371.6 million respectively, including cash and bank balances of approximately HK\$31.5 million and HK\$40.3 million respectively. The Group's pledged bank deposits of approximately HK\$61.9 million and HK\$61.8 million as at 30 September 2016 and 31 March 2016 respectively represented cash at bank held by the Group and pledged for bank borrowings. The Group's current ratio decreased from approximately 6.2 as at 31 March 2016 to approximately 6.0 as at 30 September 2016. Such a decrease was mainly because of the increase in bank borrowings as at 30 September 2016.

As at 30 September 2016 and 31 March 2016, the Group's total bank borrowings amounted to approximately HK\$57.0 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 Interim Financial Information. The Group's total finance lease liabilities amounted to approximately HK\$4.6 million and HK\$5.4 million as at 30 September 2016 and 31 March 2016 respectively. The Group's gearing ratio was approximately 0.13 and 0.12 as at 30 September 2016 and 31 March 2016 respectively.

## **COMMITMENTS**

The Group's contractual commitments primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK\$3.7 million and HK\$4.5 million as at 30 September 2016 and 31 March 2016 respectively. As at 30 September 2016, 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 Interim Financial Information.

## **SIGNIFICANT INVESTMENTS**

Save as the acquisition of 19.9% equity interest in Greater China Appraisal Limited as disclosed in note 14 to the Interim Financial Information, the Group did not hold any significant investments as at 30 September 2016.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in the section headed "Comparison of business objectives with actual business progress" and in the prospectus of the Company dated 4 December 2014, the Group does not currently have other plans for material investments or capital assets.

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the six months ended 30 September 2016, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 September 2016 (31 March 2016: nil).

## **FOREIGN EXCHANGE EXPOSURE**

During the six months ended 30 September 2016, the Group's exposure to currency risk was limited to its bank balances denominated in Renminbi ("RMB") as majority of the Group's transactions, monetary assets and liabilities are denominated in HK\$ and United States Dollars ("US\$"). In the event that RMB appreciates by 3% against HK\$, the Group's profit for the six months ended 30 September 2016 will increase by approximately HK\$1.5 million (31 March 2016: approximately HK\$1.5 million). On the contrary, if RMB depreciates by 3% against HK\$, the Group's profit for the six months ended 30 September 2016 will decrease by approximately HK\$1.5 million (31 March 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.

## **TREASURY POLICIES**

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

## PLEDGE OF ASSETS

As at 30 September 2016, save for the pledged bank deposits, 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 30 September 2016 and 30 September 2015, the Group employed a total of 64 and 58 full-time employees respectively. The Group's total employee benefit expenses were approximately HK\$18.0 million and HK\$15.7 million for the six months ended 30 September 2016 and 2015 respectively. Remuneration is determined with reference to market terms 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 and share options were granted to attract and retain eligible employees to contribute to the Group.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

### 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 report, (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 30 September 2016, such unutilised net proceeds were kept as cash at and placed as bank deposits with authorised banks in Hong Kong.

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

As at 30 September 2016, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571. Laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange, are as follows:

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

Name of Directors	The Company/ name of associated company	Capacity/ nature of interests	Number of Shares	Number of underlying Shares (Note 1)	Aggregate interests	Approximate percentage of interests
Mr. Luk, Kee Yan Kelvin ("Mr. Luk")	The Company	Interest of a controlled corporation	1,023,000,000 (Note 2)	-	1,035,691,000	20.71%
		Beneficial interest	-	12,691,000		
	Aperto	Beneficial interest	1 share of US\$1.00	-	1 share of US\$1.00	100.00%
Mr. Yue, Kwai Wa Ken	The Company	Beneficial interest	-	7,252,000	7,252,000	0.15%

Notes:

- These represent the Shares to be issued and allotted by the Company upon exercise of the options granted under the Pre-IPO Share Option Scheme (as defined in the section headed "Share Option Schemes" of this report).
- These Shares are registered in the name of Aperto, the entire issued share capital of which is legally and beneficially owned by Mr. Luk, an executive Director, the chairman and chief executive officer of the Company. Under the SFO, Mr. Luk is deemed to be interested in all the Shares held by Aperto.

Save as disclosed above, as at 30 September 2016, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## SHARE OPTION SCHEMES

A pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) was conditionally approved on 26 September 2011. All options under the Pre-IPO Share Option Scheme were conditionally granted to the grantees on 26 September 2011 and became effective on the Listing Date.

A share option scheme (the “Share Option Scheme”) was conditionally approved on 26 September 2011 and became effective on the Listing Date. Share options comprising 10,000,000 underlying Shares were granted under the Share Option Scheme to nine individuals on 25 April 2013 (the “Date of Grant”).

### (a) Pre-IPO Share Option Scheme

Details of the options granted under the Pre-IPO Share Option Scheme, their movements during the six months ended 30 September 2016 and the options outstanding as at 30 September 2016 were as follows:

	As at 1 April 2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 30 September 2016	Exercise period and vesting period	Subscription price per Share HK\$
<b>Name of Directors</b>								
Mr. Luk	12,691,000	-	-	-	-	12,691,000	Note 1	0.119
Mr. Yue, Kwai Wa Ken	7,252,000	-	-	-	-	7,252,000	Note 1	0.119
Mr. Chan, Ka Kit	951,825	-	-	-	(951,825) (Note 2)	-	Note 1	0.119
<b>Others</b>								
Employees	54,958,100	-	-	-	-	54,958,100	Note 1	0.119
	<u>75,852,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(951,825)</u>	<u>74,901,100</u>		

Notes:

- The exercise period shall commence on the Listing Date and end on the day falling on the fourth anniversary of the Listing Date. Subject to the following vesting periods, any options granted under the Pre-IPO Share Option Scheme may be exercised at any time after the price of the Shares as stated in the Stock Exchange’s daily quotations sheet reaches 3 times or above of the subscription price during the period commencing on the Listing Date and ending on the day falling on the fourth anniversary of the Listing Date. Particulars of the vesting dates of the options and the percentage of options vested are as follows:
  - The first anniversary of the Listing Date — 30% of the total number of options granted;
  - The second anniversary of the Listing Date — 30% of the total number of options granted; and
  - The third anniversary of the Listing Date — 40% of the total number of options granted.
- Mr. Chan, Ka Kit resigned as an independent non-executive Director on 7 March 2016 and his options lapsed in June 2016.

## (b) Share Option Scheme

Details of the options granted under the Share Option Scheme, their movements during the six months ended 30 September 2016 and the options outstanding as at 30 September 2016 were as follows:

	As at 1 April 2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 30 September 2016	Exercise period and vesting period	Subscription price per Share HK\$
Employees	7,705,250	-	-	-	-	7,705,250	Note 1	0.441
	7,705,250	-	-	-	-	7,705,250		

Note:

1. Subject to the following vesting periods, the remaining three grantees' share options granted under the Share Option Scheme may be exercised at any time after the price of the Shares as stated in the Stock Exchange's daily quotations sheet reaches 2.5 times or above of the subscription price and the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet have increased for 7 consecutive days during the period commencing on the Date of Grant and ending on the day falling on the fourth anniversary of the Date of Grant. The exercise period shall commence on the Date of Grant and end on the day falling on the fourth anniversary of the Date of Grant. Particulars of the vesting dates of the options of these three grantees and the percentage of options vested are as follows:
  - (1) The first anniversary of the Date of Grant — 30% of the total number of options granted;
  - (2) The second anniversary of the Date of Grant — 30% of the total number of options granted; and
  - (3) The third anniversary of the Date of Grant — 40% of the total number of options granted.

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

As at 30 September 2016, so far as any Directors are aware, the interests or short positions owned by the following party (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO are as follows:

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

Name of shareholder	Nature of interest	Number of Shares	Approximate percentage of interest
Aperto	Beneficial owner	1,023,000,000 (Note)	20.46%

Note: The entire issued share capital of Aperto is legally and beneficially owned by Mr. Luk, an executive Director, the chairman and chief executive officer of the Company. Under the SFO, Mr. Luk is deemed to be interested in all the Shares held by Aperto.

Save as disclosed above and as at 30 September 2016, the Directors are not aware of any interests or short positions owned by any parties (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

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

During the six months ended 30 September 2016, 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.

## 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 had complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the six months ended 30 September 2016.

## **CORPORATE GOVERNANCE PRACTICES**

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

During the six months ended 30 September 2016, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules 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.

However, the Board is of the view that although Mr. Luk is the chairman and chief executive officer of the Company, this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Luk and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Group.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

No Director had a material interest 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 six months ended 30 September 2016.

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

During the six months ended 30 September 2016 and up to the date of this report, 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.

## **CHANGES IN DIRECTORS' INFORMATION**

With effect from 3 October 2016, Mr. Luk resigned as the chairman of the board of directors and a member of each of the nomination committee and remuneration committee of Larry Jewelry International Company Limited whose shares are listed on GEM (Stock code: 8351).

## AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 26 September 2011. 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 six months ended 30 September 2016, 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.

The Audit Committee currently consists 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 interim report, including the Interim Financial Information.

By order of the Board

**Roma Group Limited**

**Yue Kwai Wa Ken**

*Executive Director and Company Secretary*

Hong Kong, 9 November 2016

As at the date of this report, the executive Directors are Mr. Luk, Kee Yan Kelvin and Mr. Yue, Kwai Wa Ken, and the independent non-executive Directors are Mr. Ko, Wai Lun Warren, Mr. Lou, Ming and Mr. Wong, Tat Keung.