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### OVERVIEW

The Group is principally engaged in the provision of valuation and technical advisory services in Hong Kong under the brand “Roma” with principal clients being Listed Companies. The Group provides a diverse spectrum of services to its clients, namely (1) natural resources valuation and technical advisory services; and (2) various specialised valuation and consultancy services in relation to business and intangible assets valuation, financial instruments valuation, real estate valuation, work of art valuation, industrial valuation, purchase price allocation and corporate advisory. The Group commenced its natural resources technical advisory services in May 2010. The Group aims to build brand recognition by providing professional and high quality service to its clients.

For the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012, the Group recorded revenue of approximately HK\$38.2 million, HK\$29.7 million and HK\$14.4 million, respectively, and net profit attributable to the owners of the Company of approximately HK\$25.9 million, HK\$3.3 million and HK\$6.5 million, respectively.

In June 2010, revisions to Chapter 18 of the Main Board Listing Rules and Chapter 18A of the GEM Listing Rules became effective whereby mineral companies listed or to be listed on the Stock Exchange or listed companies on the Stock Exchange acquiring mineral assets are required to incorporate Competent Person’s Reports or both Competent Person’s Reports and Natural Resources Valuation Reports in their circulars and/or listing documents. Details of these requirements are set out in the paragraph headed “Natural resources valuation and technical advisory services” in the section headed “Industry overview” in this prospectus. The Group is competent in the preparation of Competent Person’s Reports and Natural Resources Valuation Reports as required by the Stock Exchange under Chapter 18 of the Main Board Listing Rules or Chapter 18A of the GEM Listing Rules.

### COMPETITIVE ADVANTAGES

The Directors believe that the Group is well-positioned to capture the growth opportunities in the natural resources valuation and technical advisory services market and benefit from the growing demand for relevant services from its potential clients. The Directors believe that the following competitive advantages are the key factors to the Group’s success and will enable the Group to further develop its business in the future.

#### **Integrated services with strong capabilities**

The Directors believe that the Group is one of the few local valuation and technical advisory services providers in Hong Kong that offers integrated natural resources valuation and technical advisory services covering the major life cycle of a natural resource project including exploration planning, project feasibility studies, resource estimation, evaluation, mining management, environmental and social services, and risk management; and also valuation and consultancy services in relation to, among others, business and intangible assets, financial instruments, real estate, work of art, industrial, purchase price allocation and corporate advisory.

During the Track Record Period, the Group extended its core valuation and consultancy services to focus mainly on the provision of natural resources valuation and technical advisory services. By offering such services to Listed Companies and private entities, the Directors believe that the Group could tap into the natural resources valuation and technical advisory services market, particularly, the potential growth in the demand for the relevant services required under the Main Board Listing Rules and the GEM Listing Rules following the revisions to Chapter 18 of the Main Board Listing Rules and Chapter 18A of the GEM Listing Rules which became effective in June 2010. The types of natural resources related reports that the Group issued to Listed Companies and private entities during the Track Record Period included Natural Resources Valuation Reports, Competent Person's Reports, natural resources related valuation reports, technical reports, technical review reports, feasibility/scoping studies reports and due diligence reports.

The Directors believe that the Group is able to differentiate itself from its competitors as the Group not only provides a single type of service to its clients, but also delivers an integrated range of services to each of its clients to meet their particular needs. The Group's one-stop integrated valuation and technical advisory services are supported by a team of professional staff with experience and knowledge in geology, mining and valuation, especially in relation to natural resources, details of which are set out in the paragraph headed "The professional team of the Group" in this section.

### **Experienced management and professional team**

The Group's management and professional team members are the most valuable assets of the Group. The team comprises staff with experience and knowledge in geology, mining and valuation, and qualifications of Registered Professional Surveyor (General Practice), Certified Public Accountant, etc. All together, the Directors believe that the Group's management and professional team members possess adequate knowledge and professional skills to deliver the Group's valuation and technical advisory services to its clients and provide solutions which comply (where necessary) with applicable standards and regulations.

The Group's professional team members in the technical department possess the relevant working and professional experience in a wide range of natural resources commodities including, among others, coal, copper, gold, iron, molybdenum, nickel, phosphate, silver, uranium and zinc.

Mr. Jones joined the Group as a chief geologist in April 2012. In November 2011, the Group first engaged Mr. Jones as an independent professional geologist in assisting in the preparation, issue and signing of one Competent Person's Report and one Natural Resources Valuation Report, both in relation to gold, iron and nickel-copper mines for one of the Group's clients. As the said Competent Person's Report and Natural Resources Valuation Report were prepared in full compliance with Chapter 18A of the GEM Listing Rules, Mr. Jones has met the mandatory requirements of both Competent Person and Competent Evaluator. Mr. Jones has acted as a competent person, a qualified person and an expert in accordance with the JORC Code, NI 43-101 and VALMIN Code respectively. Mr. Jones graduated from the South Australian Institute of Technology, which is accredited by the Australian Government, with a bachelor's degree in applied science (applied geology) in 1975. He is a member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy, and has over ten years' experience in natural resources and over five years' experience in the assessment and valuation of

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natural resources. Mr. Jones is experienced in various natural resources related services. He has experience in a wide variety of commodities including coal, gold, iron ore and nickel in Australia, Indonesia, the Philippines and/or the PRC.

Having considered the experience, qualification and knowledge of Mr. Hodgson, the Group recruited Mr. Hodgson as a principal geologist in September 2012 to further strengthen the Group's natural resources related professional team. Mr. Hodgson has acted as a competent person and a qualified person in accordance with the JORC Code and NI 43-101 respectively. He issued and signed off 11 technical reports, which were prepared in compliance with the JORC Code or NI 43-101 for the public documents disclosed in the Australian Securities Exchange or Toronto Stock Exchange. He graduated from the Curtin University of Technology, which is accredited by the Australian Government, with a bachelor's degree in applied science (geology) in 1990. He is a member of the Australian Institute of Geoscientists and has over ten years' experience in the mining industry. Mr. Hodgson has experience in a wide variety of commodities including coal, copper, gold, iron, lead, magnesium, nickel and silver in Australia, Democratic Republic of the Congo, Ghana, Indonesia, Saudi Arabia, South Africa, Sweden and/or the PRC. Given the above, the Group and Mr. Hodgson consider that Mr. Hodgson is professionally qualified and is a member in good standing of a recognised professional organisation, and has sufficient experience to meet the requirements under the Chapter 18 of the Main Board Listing Rules and Chapter 18A of the GEM Listing Rules to act as Competent Person and a Competent Evaluator.

Mr. Mensah joined the Group as a senior geologist in December 2011. In September 2012, Mr. Mensah was responsible for preparing, issue and signing of one Natural Resources Valuation Report in relation to gold mines for one of the Group's clients. As the said Natural Resources Valuation Report was prepared in full compliance with Chapter 18 of the Main Board Listing Rules and VALMIN Code, Mr. Mensah has met the mandatory requirements of Competent Evaluator. Besides, Mr. Mensah has acted as an expert for three natural resources related valuation reports in compliance with VALMIN Code, in which he took the overall responsibility for the physical preparation and contents of the reports. He also jointly signed off (i) as a peer reviewer for one Competent Person's Report and one Natural Resources Valuation Report; and (ii) as a co-author for one Natural Resources Valuation Report. He graduated from the Kwame Nkrumah University of Science and Technology, Kumasi, Ghana, which is accredited by the Government of Ghana, with a bachelor's degree in science (geological engineering) in 2002. He is a member of the Australasian Institute of Mining and Metallurgy and has over ten years' experience in natural resources and over five years' experience in the assessment and valuation of natural resources. Mr. Mensah is experienced in various natural resources related services. He has experience in a wide variety of commodities including coal, gold, iron ore, and nickel in Ghana, Indonesia, Mongolia and/or the PRC. Given the experience and qualification of Mr. Mensah who has acted as Competent Evaluator, both the Group and Mr. Mensah consider that Mr. Mensah would be able to meet the requirements under the Chapter 18 of the Main Board Listing Rules and Chapter 18A of the GEM Listing Rules to act as Competent Person.

The major responsibilities of the Group's chief geologist, principal geologist and senior geologist are to handle the Group's natural resources related projects and the related technical matters. Based on their experiences, qualifications and knowledge relevant to the style of mineralization and type of deposit in relation to the Group's natural resources related project, the Group's chief geologist, principal geologist and/or senior geologist will be assigned as team member(s) to, among others, perform and supervise other team members to perform raw data gathering, prepare technical analysis, modeling,

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report and response to enquiries from relevant parties and/or issue final report. For those projects not being handled by them, they will be, where appropriate, assigned as a peer reviewer to conduct peer review on the related valuation model and/or reports. They are not required to involve in any managerial decision making process, which are the major responsibilities of the Directors and the Group's senior management. Apart from carrying out the project or acting as a peer reviewer, the geologists have assisted in enhancing the Group's quality of work by reviewing the procedures of preparing the natural resources related reports and giving recommendation; and involving in bi-weekly meeting amongst the geologists and the executive Directors to update the latest industry and regulatory standards and conduct a broad review on the quality of the on-going projects.

The Group's team of professionals also possesses experience in research skills, valuation and corporate advisory techniques as well as financial modeling and has experience in various industries such as valuation and advisory, mining, finance, information technology and electronics. The qualification of the Group's professional team can be reflected through their affiliations with various internationally recognised professional institutions, details of which are set out in the paragraph headed "The professional team of the Group" in this section.

Along with the Group's expansion plans, professionals from different fields have been recruited by the Group during the Track Record Period to enhance the Group's capability and competitive edge in the market. The Directors undertake that the Group will maintain at least the same standard and quality of staff going forward as long as the Group continues to engage in its current business. Senior management is committed to serve the Group by entering into employment contracts with the Group with no less than two to three months' written notice of termination or payment in lieu to the other party. They have also provided non-competition undertakings in favour of the Group during the term of their employment with the Group.

### **Efficient client services**

The Directors believe that the Group's scale of operations has brought efficiency and fast response to clients by minimising the problem of excessive layers of approval procedures often found in large-scale organisations. Subject to the nature and complexity of the needs of the clients, the Group would normally be able to deliver a draft report to its clients ranging from a minimum of 5 days to a maximum of 107 days while the Directors believe that the Group's global competitors which are mainly based in Australia, Canada and the United States may require relatively more time to provide similar services. The Directors believe that the Group's efficiency is not at the expense of its quality of work. In the planning stage of the projects, the Group's team of professionals strives its best to understand the clients' background and prospects and then provides the clients with exclusive reports prepared in accordance with the relevant international recognised standards and/or standards under the requirements of the Main Board Listing Rules or the GEM Listing Rules. Apart from the delivery of advice and reports, the Group's professional team is also committed to assisting the Group's clients in providing efficient responses to enquiries raised by the Stock Exchange and any other regulators and/or professional parties involved in the projects. The Directors believe that the quality and accuracy of the Group's work is enhanced through the adoption of a peer review mechanism which is conducted by another teamhead and/or professional staff with relevant experience and qualification who is not involved in the project under review.

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The Group strives to remain competitive by keeping its front line employees abreast of the most updated market development or practices relevant to the Group's business through in-house trainings. Workshops for the development of employees' soft skills are also available. The Directors believe that one of the main reasons for the Group's success in the fiercely competitive industry is the Group's competent employees who can provide satisfactory services to the Group's clients.

The Group's team of professionals is based in Hong Kong and shares similar culture and language with its Hong Kong based clients. The Directors consider that the lower language barrier and real time services are particularly advantageous to the Group in provision of direct and efficient services to clients. The Directors believe that the Group's major competitors, which are mainly located in Australia, Canada and the United States, have a higher language barrier and cultural difference towards most of the Group's clients who are based in Hong Kong and commonly request bilingual services. The Directors consider that affiliation and affection are easily formed when the levels of cultural difference and language barrier are low. In this regard, the Directors believe that the Group can outperform its foreign competitors in developing business relationship with clients based in Hong Kong.

### **STRATEGIES AND BUSINESS OBJECTIVES**

The Group aims to become the leading valuation and technical advisory services provider in Hong Kong providing comprehensive services to its clients. Having considered the market potential of the industry and evaluated its existing market position and strengths, the Group intends to achieve its business objectives by implementing the following strategic plans.

#### **Expanding the operation to offer a wider range of services**

With the aim as well as capability to provide one-stop services to its clients, the Directors are of the view that the Group has great potential to increase its existing market share in various sectors, especially in the sector of natural resources valuation and technical advisory services. The Directors consider that the Group's ability to provide one-stop valuation and technical advisory services is one of the factors to attracting new clients and retaining the Group's existing clients. The Group's existing natural resources related services mainly cover valuation and technical advisory services at the exploration stage and development stage in a full life cycle of a natural resources project. The Group intends to further expand its mining technical advisory capabilities to later stages of a mining life cycle, namely, to provide mine operation management and mine closure and reclamation services to the Group's clients. Mine operation management involves the extraction of ore, separation of minerals, disposal of waste and shipment of minerals. Professionals from a number of disciplines, in particular geotechnical as well as metallurgical engineering, would be required for this stage. Mine closure and reclamation is the last stage of mining life cycle. Mine closure involves the removal of equipment, the dismantling of facilities and the safe closure of all mine workings. Reclamation involves earth work and site restoration including re-vegetation of waste rock disposal areas. Expertise in geotechnical and environmental engineering is needed for this stage. The Group possesses geological knowledge and plans to broaden its spectrum of services by expanding its proficiency in geotechnical, metallurgical and environmental engineering disciplines.

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The Group also strives to strengthen the professionalism and broaden the knowledge base of its team of professionals in order to provide a wider spectrum of specialised valuation and technical advisory services to the clients, whose needs are not limited to natural resources related services but also various types of valuation and consultancy services in relation to their other business operations.

### **Enhancing the quality of and expanding the Group's professional team**

The Group is committed to enhancing the professionalism of its staff and has been conducting in-house training programs regularly in order to further improve the quality of the work and service standard of the staff. Members of the Group's professional team are required to participate in monthly in-house trainings which cover, among others, updating the staff on the recent development in the valuation and consultancy industry and discussions on the technical knowledge in respect of natural resources valuation and technical advisory. The Group will continue to recruit new professional staff, including, among others, geologists and mining experts to join its professional team to cope with the continuing expansion of its business and enhance the quality of its work. In order to expand the team of mining experts, technical experts and relevant professionals, the Group is planning to recruit two professional geologists, three geologist assistants and three valuation analysts after the Listing. Professional geologists are required to meet the requirements of a Competent Person and/or a Competent Evaluator; and/or a competent person under JORC Code; and/or an expert or a specialist under VALMIN Code; and/or a qualified person under the NI 43-101. Geologist assistants are required to have at least five years of relevant industry experience and have obtained a minimum of a bachelor degree in geology or other relevant subject. Valuation analysts are required to have at least three years of relevant charterholder experience, have obtained a professional designation such as Chartered Financial Analyst or Certified Public Accountant and have obtained a minimum of a bachelor degree in finance, accounting or other relevant subject. In addition, the Group encourages and supports its professional team in obtaining internationally recognised qualifications, such as Chartered Financial Analyst charterholder, Certified Public Accountant or higher education achievement such as master's degree in mining or geology. In order to cope with the continuous demand for the Group's services from clients, the Group will recruit quality candidates from time to time to join its professional team.

### **Upgrading and maintaining the information technology system**

The Group's data centre and computer server are currently located at the Group's premises. The Group intends to conduct systemic upgrade to all hardware and to set up an off-site computer hardware centre and servers. These upgrades will include the server computer, additional data storage and data backup system. The Group will continue improving and upgrading its professional software for the natural resources industry in order to cope with changes in analysis tools and to cater for the expansion of the size of its business. The Group intends to organise subsequent trainings to get its staff familiarised with these software. The Group believes such investment would diminish the current risk of potential business interruption caused by the information technology system and thus would endeavor to provide the best available solutions to its clients.

### **Strengthening the Group's marketing efforts**

The Directors consider that increasing its market share in the valuation market in Hong Kong is challenging. However, the Directors also believe that there are untapped business opportunities in this market. The Group will continue to maintain and promote the brand "Roma" with the goal of

establishing it as the leading valuation and technical advisory services brand in Hong Kong. Following Listing, the Group plans to engage an independent public relations firm to formulate marketing strategies for the Group. The Group will continue to promote its brand name in industry magazines and public electronic media. The Group will also continue to expand its market presence by participating in various industry exhibitions and organising seminars to professional parties and potential clients.

### **Exploring merger and acquisition opportunities and business collaboration**

The Group's existing natural resources related services mainly cover valuation and technical advisory services at the exploration stage and development stage in a full life cycle of a natural resources project. In order to capture the growth opportunities in the natural resources valuation and technical advisory services market and benefit from the growing demand for relevant services from its potential clients, the Group continues to strive to provide its clients with a one-stop valuation and technical advisory services for the full life cycle of a natural resources project. The Group intends to further expand its mining technical advisory capabilities to later stages of a mining life cycle, namely, to provide mine operation management and mine closure and reclamation services to the Group's clients.

The Group will pursue suitable merger and acquisition opportunities and business collaboration in Hong Kong or overseas with companies that are specialised in areas such as topographical studies, geological mapping, mining engineering, mine operation, environmental services, exploration drilling and mine closure and reclamation services which would enable the Group to enhance its coverage of the whole mining life cycle.

The Group would target to bring in expertise abroad. The Directors would conduct extensive due diligence work and would determine the suitability of the potential target companies by a number of qualitative factors including (i) the relevant experience within the natural resources sector; (ii) the expertise and qualifications of the professional staff of the target companies; (iii) the relevant permit and licenses necessary for provision of relevant services; (iv) the reputation of the target companies; and (v) the strength of the target companies' business relationships. Subject to the then prevailing market conditions, the Group would also consider potential target companies which can achieve one or more of the following quantitative criteria including, but not limited to (i) revenue of at least HK\$1 million for the current or previous financial year; (ii) a year on year growth rate of approximately 20% on its revenue; (iii) positive cashflows in the current financial year; (iv) customer base with a minimum of 5 corporate clients; and (v) at least one geologist and/or one Competent Person and/or Competent Evaluator working for the potential target. The Directors believe that suitable merger and acquisition targets could complement the Group's existing valuation and technical advisory services and/or existing business model. The Directors believe that successful mergers, acquisitions and business collaborations will bring synergy to the Group and enhance the value of the Company to the Shareholders. As at the Latest Practicable Date, no target companies or assets or potential business collaborations with any parties had been identified. The Group had not commenced identifying target companies or assets or potential business collaboration with any parties as at the Latest Practicable Date and will only commence identifying potential targets after the Listing.

**SERVICES OF THE GROUP**

The Group provides a diverse spectrum of services to its clients, namely (1) natural resources valuation and technical advisory services; and (2) various specialised valuation and consultancy services in relation to business and intangible assets valuation, financial instruments valuation, real estate valuation, work of art valuation, industrial valuation, purchase price allocation and corporate advisory. As at the Latest Practicable Date, there were (i) one employee of the Group who had met the mandatory requirements of both Competent Person and Competent Evaluator for providing natural resources valuation and technical advisory services and acted as the Competent Person and the Competent Evaluator for one Competent Person's Report and one Natural Resources Valuation Report both relating to gold, iron and nickel-copper mines issued in April 2012; and (ii) one employee of the Group who had met the mandatory requirements of Competent Evaluator for providing natural resources valuation services and acted as the Competent Evaluator for one Natural Resources Valuation Report relating to gold mines issued in September 2012. There was also one employee of the Group who had met the mandatory requirements for providing real estate valuation services in Hong Kong as at the Latest Practicable Date.

**Natural resources valuation and technical advisory services**

The Group's natural resources valuation and technical advisory services mainly comprise exploration planning, project feasibility studies, resource estimation, evaluation, environmental and social services and risk management.

***Exploration planning***

Mine exploration, most frequently being the first step of a mine's life cycle, is of vital importance in the determination of the size and value of a mine. A successful exploration relies on a thorough understanding of the geological data and efficient managing of the exploration and drilling programs. The Directors believe that the Group's team of professionals possesses knowledge of the technology that can allow the Group's clients to have a better understanding on their investments.

***Project feasibility studies***

The feasibility study provides the specific project concepts which would be the basis of all key project decisions and development strategies, and is thus fundamental to the project. The identification of all opportunities and risks associated with the project requires, among others, profound understanding of a wide range of knowledge including environmental, mining, geological, geotechnical and metallurgical.

***Resource estimation***

The Group has a team of professional staff with experience and knowledge in geology, petroleum and mining to provide estimation of resources for natural resources assets. With a knowledge base of geology theory, together with the relevant experience, the Directors believe that the Group is able to provide fair and reasonable estimation to its clients and thereby assisting them to fully understand the true potential value of their natural resources assets. During the Track Record Period, the Group's scope

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of services included, among others, resource estimation and classification, 2-dimension and 3-dimension mineralization, structural and geological modeling, production estimation and reconciliation, evaluation of exploration process and resources model audit.

### *Evaluation*

The Group has a team of professional analysts with hands-on experience in providing valuation services in relation to natural resources related projects. The Group's evaluation works are prepared based on the requirements set forth by the relevant statutory regulators and/or recognised professional organisations in Hong Kong and/or certain major countries in the world. Since its establishment, the Group has been engaged in valuation of major natural resources assets such as coal, copper, gemstone, gold, iron, petroleum, silver, tin, non-ferrous metals including lead, molybdenum, nickel, titanium, vanadium and forestry.

### *Environmental and social services*

Mining, processing and utilisation of minerals raise a number of environmental challenges, including, among others, soil erosion, dust, noise and water pollution. The Group has the knowledge to advise on environmental impacts on mining, processing and utilisation of minerals and provide its clients with professional advisory services on mining operations in order to minimise the impacts.

### *Risk management*

Mining projects are subject to high risk because of their size, complexity and high cost. The Group's professional team has the technical knowledge to assess and analyse overall risk quantitatively. The team also takes into account of the risk in broader aspects of a project such as financial risk, social risk and health and safety risks.

In providing the abovementioned various types of services, the Group issued different types of reports, and each of which might contain a combination of different types of the aforesaid services. All these reports are prepared and issued under the same process, where applicable to the relevant projects, for the preparation and issuance of the Group's report. The details of the Group's process for preparation and issuance of report are set out in the paragraph headed "Process for issuance of report" in this section. In particular, draft valuation model and/or draft report will be reviewed by independent professional geologists to be engaged on a project-by-project basis and/or one of Mr. Hodgson, Mr. Jones, or Mr. Mensah, being professional staff with relevant experience and qualification not involving in the relevant project before providing the first draft report to the clients to ensure the quality and accuracy of work. The Group issued the following major types of natural resources related reports during the Track Record Period:

- Natural Resources Valuation Reports and Competent Person's Reports which were subject to review and clearance by the Stock Exchange.
- Natural resources related valuation reports which were prepared in accordance with internationally recognised standards, if required, including, among others, CIMVAL or the VALMIN Code on the valuation of a target natural resource related asset or entities and were not subject to review and clearance by the Stock Exchange.

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- Technical reports which were prepared in accordance with internationally recognised standards, if required, including, among others, the JORC Code, NI 43-101 or PRMS on resources and/or reserves in respect of natural resources and were not subject to review and clearance by the Stock Exchange.
- Technical review reports on target assets (mainly natural resources asset), which, as and when required depending on the scope of the underlying services, were prepared in accordance with the internationally recognised standards, if required, including, among others, JORC Code, VALMIN Code or PRMS.
- Feasibility/scoping studies including the issue of reports to provide a technical/economic/financial analysis for formulating a business plan of a target asset (mainly natural resources asset), which, as and when required depending on the scope of the underlying services, were prepared in accordance with the internationally recognised standard such as JORC Code.
- Due diligence reports for internal assessment purpose on the due diligence analysis results of a target asset (mainly natural resource asset), which, as and when required depending on the scope of the underlying services, were prepared in accordance with the internationally recognised standard such as JORC Code.

During the Track Record Period, the Group issued seven major types of natural resources related reports with approximate corresponding revenue as set out below.

	Year ended 31 March		Four months ended 31 July
	2011	2012	2012
	HK\$'000	HK\$'000	HK\$'000
Natural Resources Valuation Reports and Competent Person's Reports	7,081	8,029	1,756
Natural resources related valuation reports	5,786	4,918	2,350
Technical reports	7,633	4,632	3,423
Technical review reports	3,445	2,533	1,349
Feasibility/scoping studies reports	2,572	820	—
Due diligence reports	62	641	924
Consultation/translation services	6	—	117
 Total	 26,585	 21,573	 9,919

### **Business and intangible assets valuation**

The Group's professional team provided valuation services to Listed Companies and private entities on business and intangibles assets during the Track Record Period. Intangible assets include business contracts, customer relationships, franchises, distribution rights, technology and software applications, trademarks, patents and copyrights.

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Valuation methodologies, including income approach, market approach and cost approach, adopted by the Group are commonly used in the valuation of business and intangible assets.

### **Financial instruments valuation**

In meeting the continuous demand for fair value assessment of companies' financial instruments at each reporting date and/or grant date, which is required in many financial reporting standards such as, among others, the International Financial Reporting Standards, the International Accounting Standards, the HKASs and the HKFRSs, the Group provided valuation services on financial instruments such as convertible debts and securities, equity-linked investments, financial guarantees and derivatives to Listed Companies and private entities during the Track Record Period.

Valuation models such as Black-Scholes-Merton Option Pricing Model, Hull-White Model, Binomial Option Pricing Model and Monte Carlo Simulation Method are widely used by the Group in the valuation of financial instruments.

### **Real estate valuation**

The Directors are of the view that real properties generally account for a portion of a company's investment portfolio, especially in Hong Kong. During the Track Record Period, the Group provided a variety of real estate valuation services including the valuation of offices, residential, retail and industrial properties, car parks, lands, agricultural lands, development sites, hotels and resorts, advertising signages and shopping malls to its clients for the purposes of initial public offerings, accounting references, statutory, financing and mergers and acquisitions.

### **Work of art valuation**

The Directors are of the view that art work collection nowadays becomes part of the investment portfolio for both corporations and individuals. During the Track Record Period, the Group provided valuation services for the client's work of art for various purposes such as insurance, private collection and corporate collection.

### **Industrial valuation**

The Group's valuation services for fixed assets cover a range from simple stand-alone equipment to machinery and equipment used in complex manufacturing processes and industrial facility installations. During the Track Record Period, the Group provided valuation services for the client's computer hardware and software, heavy machinery, production plants and transportation equipment.

### **Purchase price allocation**

For a business combination, purchase price allocation is required for the assignment of fair values to various assets and liabilities. The Group's professionals are capable of allocating the purchase price to the assets and liabilities of the resultant business upon completion of a business combination. The Group's analysts have experience in measuring goodwill derived in a business combination.

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### Corporate advisory

The Group provides bespoke corporate advisory services to its clients and delivers strategic information for the clients' unique needs. The Group's professional team is able to conduct research on business and market trends and provide advice to the Group's clients on financial and operational strategies to facilitate continual growth and value maximisation in their businesses.

The tables below set out the amount and percentage of the Group's revenue and the number of projects undertaken by the Group for each type of services provided to Listed Companies and private entities during the Track Record Period.

	Listed Companies			Private entities			Total		
	Revenue		Number of projects	Revenue		Number of projects	Revenue		Number of projects
	HK\$'000	%		HK\$'000	%		HK\$'000	%	
<b>For the financial year ended 31 March 2011</b>									
Natural resources valuation and technical advisory services	20,245	72.8	49	6,340	60.9	18	26,585	69.5	67
Business and intangible assets valuation	5,325	19.1	39	891	8.6	21	6,216	16.3	60
Financial instruments valuation	1,529	5.5	71	441	4.3	20	1,970	5.1	91
Real estate valuation	340	1.2	25	130	1.2	8	470	1.2	33
Work of art valuation	18	0.1	3	142	1.4	11	160	0.4	14
Industrial valuation	290	1.0	5	78	0.7	2	368	1.0	7
Purchase price allocation	52	0.2	2	105	1.0	3	157	0.4	5
Corporate advisory	36	0.1	1	2,284	21.9	6	2,320	6.1	7
	<u>27,835</u>	<u>100.0</u>	<u>195</u>	<u>10,411</u>	<u>100.0</u>	<u>89</u>	<u>38,246</u>	<u>100.0</u>	<u>284</u>
<b>For the financial year ended 31 March 2012</b>									
Natural resources valuation and technical advisory services	12,827	66.7	56	8,746	83.8	32	21,573	72.7	88
Business and intangible assets valuation	3,370	17.5	52	873	8.4	23	4,243	14.3	75
Financial instruments valuation	1,376	7.2	72	293	2.8	31	1,669	5.6	103
Real estate valuation	750	3.9	31	246	2.4	18	996	3.4	49
Work of art valuation	—	—	—	172	1.6	15	172	0.6	15
Industrial valuation	598	3.1	12	77	0.7	4	675	2.3	16
Purchase price allocation	287	1.5	8	31	0.3	1	318	1.1	9
Corporate advisory	12	0.1	2	—	—	—	12	0.0	2
	<u>19,220</u>	<u>100.0</u>	<u>233</u>	<u>10,438</u>	<u>100.0</u>	<u>124</u>	<u>29,658</u>	<u>100.0</u>	<u>357</u>

(Note 1)

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	Listed Companies		Private entities		Total				
	Revenue		Revenue		Revenue				
	HK\$'000	%	HK\$'000	%	HK\$'000	%			
<b>For the four months ended</b>									
<b>31 July 2012</b>									
Natural resources valuation and technical advisory services	8,582	70.3	48	1,337	60.0	27	9,919	68.7	75
Business and intangible assets valuation	1,787	14.6	37	213	9.6	16	2,000	13.8	53
Financial instruments valuation	816	6.7	44	38	1.7	12	854	5.9	56
Real estate valuation	419	3.4	23	344	15.4	30	763	5.3	53
Work of art valuation	—	—	—	111	5.0	11	111	0.8	11
Industrial valuation	140	1.1	7	86	3.9	2	226	1.6	9
Purchase price allocation	471	3.9	10	48	2.1	2	519	3.6	12
Corporate advisory	—	—	1	51	2.3	1	51	0.3	2
	<u>12,215</u>	<u>100.0</u>	<u>170</u>	<u>2,228</u>	<u>100.0</u>	<u>101</u>	<u>14,443</u>	<u>100.0</u>	<u>271</u>

(Note 2)

*Notes:*

1. Approximately 15.7% of the number of projects recognised revenue in both financial years ended 31 March 2011 and 2012.
2. Approximately 21.8% of the number of projects recognised revenue in both the financial year ended 31 March 2012 and the four months ended 31 July 2012.

The table below sets out in general the ranges of the service fees charged under the mandate, number of the Group's professional team members involved and time required for completion of projects for each type of the Group's services during the Track Record Period.

	Service fees under the mandate	Number of the Group's professional team members involved	Number of month(s) required for completion of projects
	HK\$		
Natural resources valuation and technical advisory (Note)	5,000–3,510,000	4–10	1–12
Business and intangible assets valuation	6,000–500,000	2–5	1–17
Financial instruments valuation	1,000–138,000	2–6	1–7
Real estate valuation	100–160,000	2–4	1–7
Work of art valuation	1,000–56,000	2–3	1–6
Industrial valuation	6,000–160,000	2–3	1–4
Purchase price allocation	8,500–180,000	2–4	1–6
Corporate advisory	12,000–51,000	2–4	1–15

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*Note:* Among all the Group's natural resources related projects, those involving the issue of Competent Person's Reports and/or Natural Resources Valuation Reports are subject to review and clearance by the Stock Exchange. During the Track Record Period, the Group's revenue generated from natural resources valuation and technical advisory services involving the preparation and/or issue of Competent Person's Reports and the Natural Resources Valuation Reports which were submitted to the Stock Exchange for its review and clearance during the Track Record Period amounted to approximately HK\$11.8 million, and approximately HK\$11.3 million of which was settled up to the Latest Practicable Date. Excluding the revenue generated from the aforesaid natural resources related projects, the Group's profit would become approximately HK\$18.8 million, HK\$1.8 million and HK\$5.7 million for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively. The timing of completion of such reports as well as the issue and publication of the relevant documents by the relevant client encompassing the final version of such reports are generally subject to several factors including the complexity of the underlying notifiable transactions, the preparation time for such public documents and the time required by the Stock Exchange to complete its review and clearance of the relevant documents. Further, any legal, accounting and/or technical issues relating to the relevant notifiable transactions may affect the timely clearance of the relevant documents of the clients encompassing Competent Person's Reports or both Competent Person's Reports and Natural Resources Valuation Reports as a whole and may also adversely affect the viability of the relevant projects of the Group.

During the Track Record Period, all of the Group's services were charged at fixed service fees and conducted in Hong Kong, save for some site visits and incidental to the Group's services.

The Group had 284, 357 and 271 valuation and technical advisory projects for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012, respectively. The Directors consider that the Group was able to carry out such projects with the number of staff employed and qualifications possessed by the Group's professional team during the Track Record Period because (a) the processes of provision of valuation and technical advisory services are similar; (b) the time-consuming processes for research and preparation of valuation and/or technical report can normally be completed within one week; (c) a significant portion of the time for completion of mergers and acquisitions transactions involving the issue of valuation and/or technical reports is generally devoted to the negotiation of terms and conditions of the relevant underlying transactions among the contract parties and the preparation and clearance of the relevant announcements/circulars/documents are conducted by the clients and their respective advisers where the Group, acting as a valuation and technical advisory services provider, is only responsible for its related valuation and/or technical reports and therefore the Group's participation in such transactions as a whole is relatively low as compared to other parties involved in the relevant transactions; (d) certain work done for each similar type of projects are normally duplicated and thus can save considerable time and workload; and (e) independent professionals were engaged on a project-by-project basis from time to time to work alongside the Group's professional team to perform certain valuation and technical advisory services.

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### THE PROFESSIONAL TEAM OF THE GROUP

The tables below set out a summary of executive Directors and professional staff engaged in the Group's different types of services and their qualifications and experience for each of the two financial years ended 31 March 2011 and 2012, the four months ended 31 July 2012 and as at the Latest Practicable Date. The headcount in a type of service may overlap with another since some executive Directors and professional staff possess multi-disciplined qualifications and experience.

#### *For the financial year ended 31 March 2011*

<u>Executive Directors/ professional staff</u>	<u>Professional credential (Note 1)</u>	<u>Industry experience</u>	<u>Professional services</u>
Mr. Luk (Note 3)	2, 29	III, V, VI, VII, VIII, X, XI, XII, XIV	a, b, c, d, e, f, g, h
Mr. Yue	5, 12, 35	I, II, III, VI, VII	b, c, f, g, h
Ms. Kwan	10	III, VI, VII, VIII, X, XI, XII	a, b, c, d, f, g, h
Staff A (Note 4)	7, 28	III, VI, VII, VIII, X, XI, XII	a, b, c, d, f, g, h
Staff B	9	VI, VII, VIII, X, XI, XII	a, b, c, d, f, g
Staff C	N/A	VI, VII, VIII, X, XI, XII	a, b, c, d, f, g
Staff D	N/A	VI, VII, VIII, X, XI, XII	a, b, c, d, f, g
Staff E	N/A	N/A	e
Staff F	N/A	V, X, XI, XII, XIII	a
Staff G	N/A	V, IX, X, XI, XII, XIII	a

#### *For the financial year ended 31 March 2012*

<u>Executive Directors/ professional staff</u>	<u>Professional credential (Note 1)</u>	<u>Industry experience</u>	<u>Professional services</u>
Mr. Luk (Note 3)	6, 29	III, V, VI, VII, VIII, X, XI, XII, XIV	a, b, c, d, e, f, g, h
Mr. Yue	5, 12	I, II, III, VI, VII, X	a, b, c, f, g, h
Ms. Kwan	10	III, VI, VII, VIII, X, XI, XII	a, b, c, d, f, g, h
Staff A (Note 4)	7, 28	III, VI, VII, VIII, X, XI, XII	a, b, c, d, f, g, h
Staff C	N/A	VI, VII, VIII, X, XI, XII	a, b, c, d, f, g
Staff D	N/A	VI, VII, VIII, X, XI, XII	a, b, c, d, f, g
Staff E	N/A	N/A	e
Staff F	N/A	V, X, XI, XII, XIII	a
Staff G	N/A	V, IX, X, XI, XII, XIII	a
Staff H	11, 21	V, VI, VII, VIII, IX, X, XI, XII, XIII	a, b, c, d, f, g
Staff I	N/A	VI, VII, VIII, X, XII	a, b, c, g
Staff J	N/A	V, X, XI, XII, XIII	a

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<u>Executive Directors/ professional staff</u>	<u>Professional credential (Note 1)</u>	<u>Industry experience</u>	<u>Professional services</u>
Staff K (Note 5)	13, 14, 16, 17, 19, 20, 21, 22, 23, 24, 25, 27, 30, 31, 32, 33, 34, 35	V, VI, VII, VIII, IX, X, XI, XII, XIII	a
Staff L	1, 3, 4, 9, 15, 18, 26	IV, VI, VII, VIII, X, XI, XII	a, b, c, d, f, g, h
Staff M	8	XIV	e
Staff N	N/A	VI, VII, VIII, X, XI, XII	a, b, c, g
Staff O	N/A	VII, X, XI, XII	a, d
Staff P (Note 6)	16	V, IX, X, XI, XII	a

*For the four months ended 31 July 2012*

<u>Executive Directors/ professional staff</u>	<u>Professional credential (Note 1)</u>	<u>Industry experience</u>	<u>Professional services</u>
Mr. Luk (Note 3)	6, 29	III, V, VI, VII, VIII, X, XI, XII, XIV	a, b, c, d, e, f, g, h
Mr. Yue	5, 12	I, II, III, VI, VII, X	a, b, c, f, g, h
Ms. Kwan	10	III, VI, VII, VIII, X, XI, XII	a, b, c, d, f, g, h
Staff A (Note 4)	7, 28	III, VI, VII, VIII, X, XI, XII	a, b, c, d, f, g, h
Staff C	N/A	VI, VII, VIII, X, XI, XII	a, b, c, d, f, g
Staff D	N/A	VI, VII, VIII, X, XI, XII	a, b, c, d, f, g
Staff E	N/A	N/A	e
Staff F	N/A	V, X, XI, XII, XIII	a
Staff G	N/A	V, IX, X, XI, XII, XIII	a
Staff H	11, 21	V, VI, VII, VIII, IX, X, XI, XII, XIII	a, b, c, d, f, g
Staff J	N/A	V, IX, X, XI, XII, XIII	a
Staff L	1, 3, 4, 9, 15, 18, 26	IV, VI, VII, VIII, X, XI, XII	a, b, c, d, f, g, h
Staff M	8	XIV	e
Staff N	N/A	VI, VII, VIII, X, XI, XII	a, b, c, g
Staff O	N/A	VII, X, XI, XII	a, d
Staff P (Note 6)	16	V, IX, X, XI, XII	a
Staff Q (Note 7)	16, 36	V, VI, VII, VIII, IX, X, XI, XII	a
Staff R	N/A	IV, XI, XII	d
Staff S	N/A	VI, VII, VIII, X, XII	a, b, c

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### *As at the Latest Practicable Date*

<u>Executive Directors/ professional staff</u>	<u>Professional credential (Note 1)</u>	<u>Industry experience (Approximate year(s) of experience) (Note 2)</u>	<u>Professional services</u>
Mr. Luk (Note 3)	6, 16, 29	III(9), V(9), VI(9), VII(9), VIII(9), X(9), XI(9), XII(9), XIV(9)	a, b, c, d, e, f, g, h
Mr. Yue	5, 12, 38	I(7.5), II(5), III(10), VI(10), VII(10), X(2)	a, b, c, d, f, g, h
Ms. Kwan	10	III(3.5), VI(3.5), VII(3.5), VIII(3.5), X(3.5), XI(3.5), XII(3.5)	a, b, c, d, f, g, h
Staff C	N/A	VI(3), VII(3), VIII(3), X(3), XI(3), XII(3)	a, b, c, d, f, g
Staff D	N/A	VI(3), VII(3), VIII(3), X(3), XI(3), XII(3)	a, b, c, d, f, g
Staff E	N/A	N/A	e
Staff F	37	V(2.5), X(2.5), XI(2.5), XII(2.5), XIII(2.5)	a
Staff G	N/A	V(2.5), IX(2.5), X(2.5), XI(2.5), XII(2.5), XIII(2.5)	a
Staff H	11, 21	V(2), VI(2.5), VII(2.5), VIII(2.5), IX(2), X(2.5), XI(2), XII(2.5), XIII(2)	a, b, c, d, f, g
Staff J	N/A	V(2), IX(1), X(2), XI(2), XII(2), XIII(2)	a
Staff L	1, 3, 4, 9, 18, 26, 39	IV(8.5), VI(2), VII(2), VIII(2), X(4), XI(8.5), XII(8.5)	a, b, c, d, f, g, h
Staff M	8	XIV(9)	e
Staff N	N/A	VI(2), VII(2), VIII(2), X(2), XI(2), XII(2)	a, b, c, g
Staff O	N/A	VII(2), X(2), XI(2), XII(2)	a, d
Staff P (Note 6)	16	V(8.5), IX(7.5), X(7.5), XI(10.5), XII(10.5)	a
Staff Q (Note 7)	16, 36	V(36), VI(20), VII(20), VIII(15), IX(36), X(20), XI(36), XII(20)	a
Staff S	N/A	VI(1), VII(1), VIII(1), X(1), XII(1)	a, b, c, g
Staff T (Note 8)	36	V(22), IX(18), X(22), XI(22), XII(22)	a
Staff U	N/A	VI(0.5), VII(0.5), VIII(0.5), XII(0.5)	a, b, c, g
Staff V	5, 7, 28	I(4), II(3.5), VI(0.5), VII(0.5), VIII(0.5), XII(0.5)	a, b, c
Staff W	N/A	IV(0.5), XI(0.5), XII(0.5)	d, f

*Notes:*

- Save for the natural resources valuation and technical advisory services and the real estate valuation services, there are no regulatory requirement in Hong Kong for the other valuation and technical advisory services of the Group. As such, the professional credentials which are not related to the natural resources valuation and technical advisory services and the real estate valuation services obtained by the executive Directors and the Group's professional staff are not subject to any regulatory requirement in Hong Kong.

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2. The approximate year(s) of experience were obtained in one or more project(s) involving the relevant experience before and/or after joining the Group and is rounded up to the nearest six-month period.
3. Mr. Luk has approximately 9 years of experience in the natural resources valuation and technical advisory and has been a member of the Australasian Institute of Mining and Metallurgy since November 2012. Pursuant to the JORC Code and VALMIN Code, the competent person and expert for the natural resources related valuation and technical reports should be member of appropriate recognised professional organisation such as the Australasian Institute of Mining and Metallurgy or their equivalents. The qualification currently possessed by Mr. Luk is important in the provision of natural resources valuation and technical advisory services. Besides, he has experience in a wide variety of commodities including coal, copper, gold, iron, oil, silver and tin in Australia, Indonesia, Mongolia, the Philippines, the PRC, and/or the United States.
4. Staff A, a former head of valuation and senior management of the Group, resigned of his own accord in June 2012. The Group's operation has not been affected by his resignation.
5. Staff K, who has met the mandatory requirements for acting as a Competent Person and a Competent Evaluator, was engaged as an independent professional geologist for the Group's natural resources related projects during the period from April 2010 to March 2011 and subsequently joined the Group as a chief technical officer during the period from April 2011 to March 2012. He provided a non-competition undertaking in favour of the Group during the period of his employment. As the Directors decide to diversify the team mix of the Group's natural resources related professional team by employing more geologists covering a broader range of style of mineralization and type of deposit to strengthen the natural resources related professional team and reduce reliance on a particular geologist of the Group, with effect from April 2012, staff K again became an independent professional geologist of the Group. Staff K has never been a member in the panel of independent professional geologists assembled by the Group. After becoming an independent professional geologist of the Group in April 2012, staff K had involved in two natural resources related projects of the Group, which were completed and contributed revenue of approximately HK\$0.4 million since then and up to the Latest Practicable Date and he has not entered into any contract, commitment and/or agreed term with the Group and was remunerated by the Group on a project-by-project basis. After March 2012, the professional team in the Group's technical department has taken up the responsibility of staff K and continued to work on all the natural resources related projects previously with staff K's involvement, save for one 90% completed project. After 31 July 2012, staff K no longer involved in any project of the Group. Such change in role of Staff K has not affected the Group's operation.
6. Staff P, who possessed over ten years' experience in the mining industry, joined the Group in December 2011 as a senior geologist to strengthen the Group's natural resources related professional team. Staff P has met the mandatory requirements of Competent Evaluator for providing natural resources valuation and technical advisory services and acted as the Competent Evaluator for one Natural Resources Valuation Report which was prepared in full compliance with Chapter 18 of the Main Board Listing Rules and VALMIN Code and related to gold mines issued in September 2012. Besides, staff P has acted as an expert for three natural resources related valuation reports in compliance with VALMIN Code, in which he took the overall responsibility for the physical preparation and contents of the reports. He also jointly signed off (i) as a peer reviewer for one Competent Person's Report and one Natural Resources Valuation Report; and (ii) as a co-author for one Natural Resources Valuation Report. Since joining the Group as an employee and up to the end of the Track Record Period, staff P has involved in 14 natural resources related on-going and completed projects, which contributed revenue of approximately HK\$8.8 million and HK\$3.3 million to the Group for the financial year ended 31 March 2012 and the four months ended 31 July 2012 respectively. Pursuant to the employment contract entered into with the Group, staff P is entitled to a fixed monthly salary, travelling allowance and also discretionary bonus based on his performance. Staff P is a permanent staff of the Group and he has entered into an employment contract with the Group with a fix initial period of one year, thereafter his engagement will automatically continue until terminated by either party serving a 3-month written notice to the other party or three months' salary in lieu of notice. Staff P has renewed his engagement in November 2012. Though he is not subject to any cooling-off period upon termination of his employment contract with the Group, he has provided an undertaking in favour of the Group to refrain from (i) investing in any competing business and (ii) soliciting the Group's clients during the period of his employment and for a period of six months thereafter. In the event that he fails to honor the undertaking, he will be said to have performed a breach of contract. Moreover, after the termination or expiration of the employment with the Group, staff P is obliged to observe confidentiality regarding all information relating to the Group and its clients which are not publicly known or which are by nature clearly confidential.
7. Staff Q has met the mandatory requirements of both Competent Person and Competent Evaluator for providing natural resources valuation and technical advisory services and acted as the Competent Person and the Competent Evaluator for one Competent Person's Report and one Natural Resources Valuation Report both relating to gold, iron and nickel-copper mines issued in April 2012. Staff Q has also acted as a competent person, a qualified person and an expert in accordance with the JORC Code, NI 43-101 and VALMIN Code respectively. During the period from November 2011 to March 2012, staff Q was engaged as an independent professional geologist for four natural resources related projects of the Group and was remunerated by the Group on a project-by-project basis throughout such period. In April 2012, he joined the Group as a chief geologist to strengthen the Group's natural resources related professional team. Since joining the Group as an employee and up to the end of the Track Record Period, staff Q has involved in 12 natural resources related on-going and completed projects, which contributed revenue of approximately HK\$5.2 million to the Group in the four months ended 31 July 2012. Pursuant to the employment contract as supplemented by a supplemental employment contract entered into with the Group, staff Q is entitled to a

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fixed monthly salary, travelling allowance, an accommodation in Hong Kong, and also discretionary bonus based on his performance. Staff Q is a permanent staff of the Group and he has entered into an employment contract with the Group with a fix initial period of one year, thereafter his engagement will automatically continue until terminated by either party serving a 3-month written notice to the other party or three months' salary in lieu of notice. Though he is not subject to any cooling-off period upon termination of his employment contract with the Group, he has provided an undertaking in favour of the Group to refrain from (i) investing in any competing business and (ii) soliciting the Group's clients during the period of his employment and for a period of six months thereafter. In the event that he fails to honor the undertaking, he will be said to have performed a breach of contract. Moreover, after the termination or expiration of the employment with the Group, staff Q is obliged to observe confidentiality regarding all information relating to the Group and its clients which are not publicly known or which are by nature clearly confidential.

8. Staff T, who possessed over ten years' experience in the mining industry, joined the Group in September 2012 as a principal geologist to further strengthen the Group's natural resources related professional team. Staff T has acted as a competent person and a qualified person in accordance with the JORC Code and NI 43-101 respectively. He issued and signed off 11 technical reports, which were prepared in compliance with the JORC Code or NI 43-101 in relation to the public documents disclosed in the Australian Securities Exchange or Toronto Stock Exchange. Since joining the Group as an employee and up to 31 October 2012, staff T has involved in seven natural resources related on-going and completed projects, which contributed revenue of approximately HK\$4.5 million to the Group. Pursuant to the employment contract entered into with the Group, staff T is entitled to a fixed monthly salary, travelling allowance and also discretionary bonus based on his performance. Staff T is a permanent staff of the Group and he has entered into an employment contract with the Group with a fix initial period of one year, thereafter his engagement will automatically continue until terminated by either party serving a 3-month written notice to the other party or three months' salary in lieu of notice. Though he is not subject to any cooling-off period upon termination of his employment contract with the Group, he has provided an undertaking in favour of the Group to refrain from (i) investing in any competing business and (ii) soliciting the Group's clients during the period of his employment and for a period of six months thereafter. In the event that he fails to honor the undertaking, he will be said to have performed a breach of contract. Moreover, after the termination or expiration of the employment with the Group, staff T is obliged to observe confidentiality regarding all information relating to the Group and its clients which are not publicly known or which are by nature clearly confidential.

### Legends:

#### *Professional credential*

- 1 Associate of Australian Property Institute
- 2 Associated member of the International Association of Consultants, Valuers and Analysts
- 3 Certified Practising Valuer (Australia)
- 4 Certified Practising Valuer (Business) (Australia)
- 5 Certified Public Accountants
- 6 Certified Valuation Analyst — To become a Certified Valuation Analyst, it required Mr. Luk to hold a business degree from an accredited university and be able to demonstrate two or more years full-time equivalent experience in valuation related disciplines; be a member in good standing of an International Association of Consultants, Valuers and Analysts charter; submit three personal and three business references; and pass an eight-hour comprehensive two-part examination. It also required Mr. Luk to, among others, obtain a minimum of 36 hours of continuing professional education.
- 7 Chartered Financial Analyst charterholder
- 8 International Society of Appraisers
- 9 Master of Finance
- 10 Master of Finance (Investment Management)
- 11 Master of Research in Structural Biology
- 12 Member of the American Institute of Certified Public Accountants

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- 13 Member of the American Society for Engineering Management
- 14 Member of the American Society of Civil Engineers
- 15 Member of the American Society of Mechanical Engineers
- 16 Member of the Australasian Institute of Mining and Metallurgy — To become a member of the Australasian Institute of Mining and Metallurgy, it required Mr. Luk, staff K, P and Q to obtain a tertiary degree or equivalent qualification and engage in the minerals and extractive industries or in government, educational, research, professional or commercial organisations directly concerned with those industries for a period of not less than three years subsequent to the award of the degree or to the acquiring of an acceptable equivalent qualification. In the case of a three year degree or equivalent, the required length of experience is four years. Besides, the proposal of membership shall be signed by not less than three corporate members, each of whom must certify to personal knowledge of the professional experience of Mr. Luk, staff K, P or Q respectively.
- 17 Member of the Australian Institute of Building
- 18 Registered Professional Surveyor (General Practice)
- 19 Member of the British Geotechnical Association
- 20 Member of the Canadian Geotechnical Society
- 21 Member of the Canadian Institute of Mining, Metallurgy & Petroleum
- 22 Member of the Canadian Society for Civil Engineering
- 23 Member of the Chartered Institution of Building
- 24 Member of the Chartered Management Association
- 25 Member of the Chartered Management Institute
- 26 Corporate Member of the Hong Kong Institute of Surveyors
- 27 Member of the Hong Kong Institution of Construction Manager
- 28 Member of the Hong Kong Society of Financial Analysts
- 29 Member of the Institute of Business Appraiser — To become a member of the Institute of Business Appraiser, it required Mr. Luk to pursue the Certified Business Appraiser credential (which is relevant to the credential of being a Certified Valuation Analyst) and be a subscriber to Appraisal Database and Mentoring Services.
- 30 Member of the Institute of Materials, Minerals & Mining
- 31 Member of the Institution of Chartered Engineers of Canada
- 32 Member of the Institution of Civil Engineers
- 33 Member of the Institution of Engineers, Australia
- 34 Member of the Minerals, Metals & Materials Society
- 35 Member of the Society of Petroleum Engineers
- 36 Member of the Australian Institute of Geoscientists — To become a member of the Australian Institute of Geoscientists, it required staff Q and T to possess a degree qualification in geosciences and a minimum of five years relevant, post graduate professional experience that includes a minimum of three years where staff Q and T have

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been in a position requiring regular and routine exercise of professional judgement and discretion. Besides, the application of membership shall be supported by at least two existing members of the Australian Institute of Geoscientists with personal knowledge of the professional experience of staff Q or T respectively.

- 37 Graduate of the Australasian Institute of Mining and Metallurgy
- 38 Chartered Global Management Accountant
- 39 Registered Business Valuer

*Industry experience*

- I Accounting
- II Auditing
- III Business strategic planning
- IV Commercial, industrial and residential properties valuation
- V Desktop review
- VI Financial analysis
- VII Financial and industrial research
- VIII Financial modeling
- IX Mining software (Datamine/Surpac)
- X Natural resources valuation and/or technical advisory
- XI On-site inspection
- XII Project research
- XIII Technical translation
- XIV Valuation of collectible items such as water and oil paintings, watches, sculptures, books, furniture, jewelries, statues, etc.

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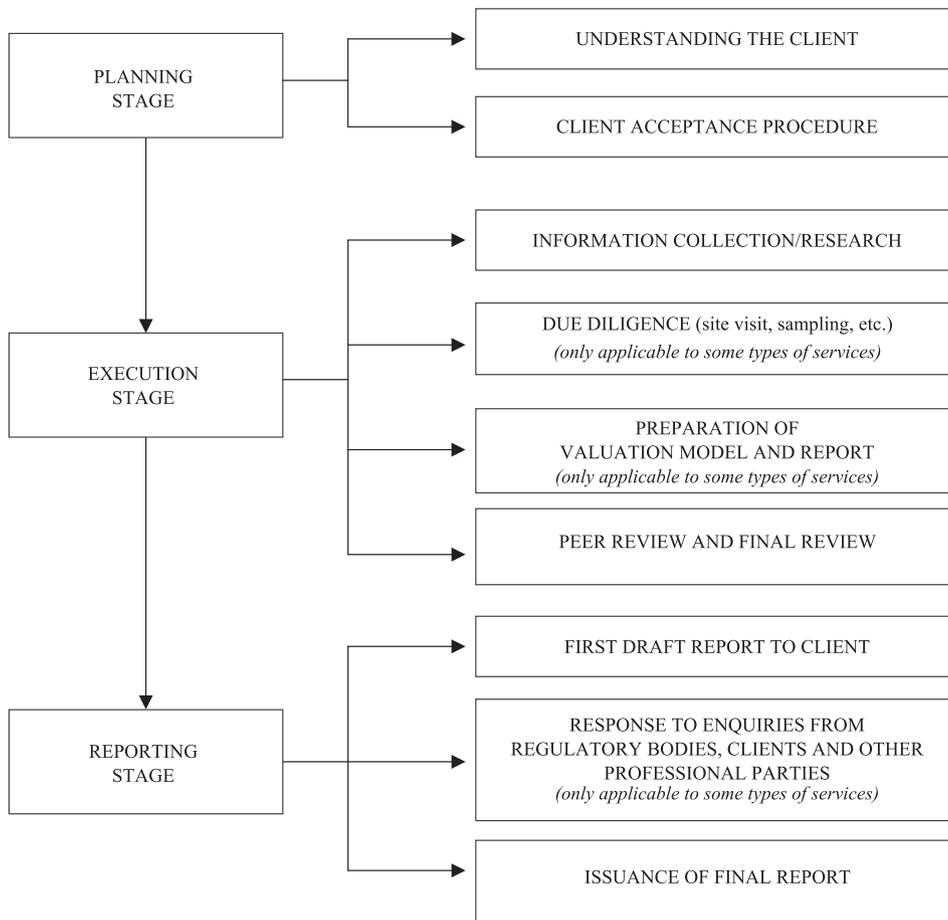
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### *Professional services*

- a Natural resources valuation and technical advisory
- b Business and intangible assets valuation
- c Financial instruments valuation
- d Real estate valuation
- e Work of art valuation
- f Industrial valuation
- g Purchase price allocation
- h Corporate advisory

### PROCESS FOR ISSUANCE OF REPORT

The following illustrates the principal stages involved in the preparation of a report by the Group:



### **Planning stage**

When there is business opportunity with a potential or existing client, the Group's management will have to decide whether to accept the potential client's engagement by understanding the client's background and the project as well as assessing the independence of the Group. During the process, the management may discuss with the client through meetings, conduct brief research on the client's background and assess the risk of accepting the project. After evaluation and discussion among the management, if the management considers that the potential engagement is acceptable and the Group has sufficient human resources for the project, the Group will continue approaching the client and discussing further with the client about the details of the engagement, including, among others, the fee, scope of work and time schedule. The Group will then send the draft mandate to the client.

### **Execution stage**

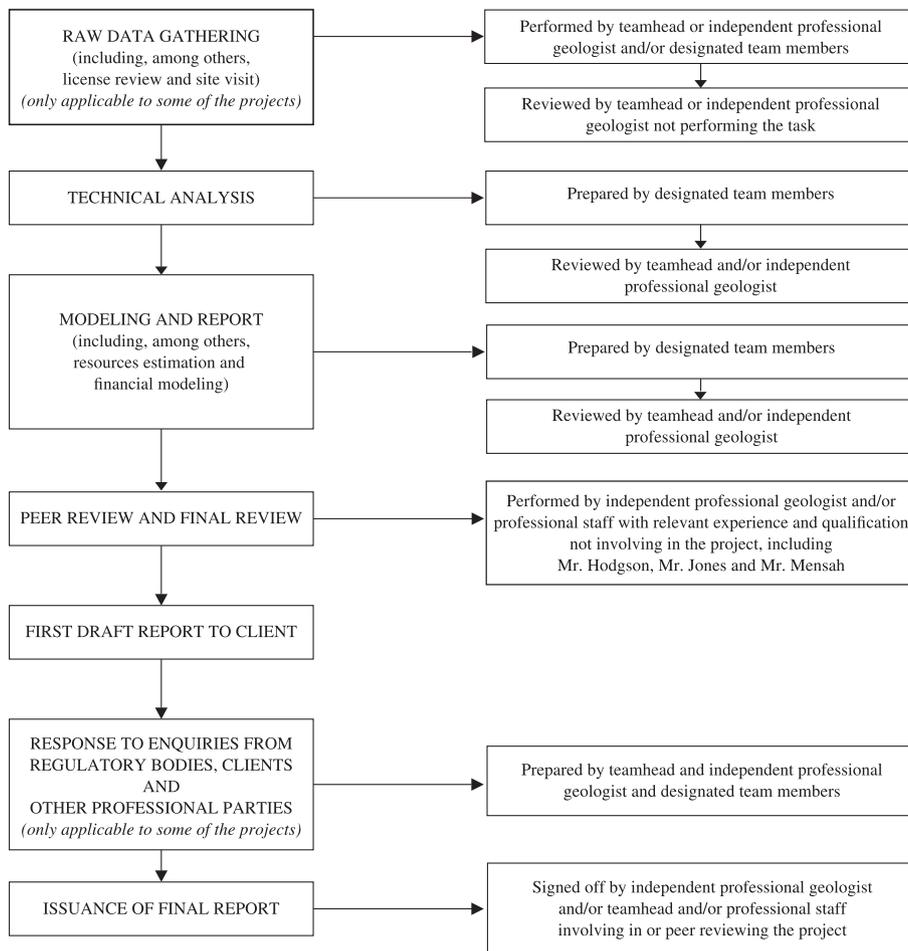
The Group has a total of five teamheads who lead the valuation and technical advisory services comprising Mr. Luk, Mr. Yue, the project director of the technical department, the head of business valuation department and the associate director of the valuation department. Once the engagement of the project is confirmed, a responsible teamhead or an independent professional with relevant experience and qualification will be assigned as the person-in-charge of the project who will supervise designated team members to carry out the project and oversee the project. Team mix will vary from project to project according to the type and complexity of services required in the relevant project. At the initial stage of each project, the person-in-charge will communicate to each of the teammates their responsible tasks. Throughout the project, the person-in-charge will provide on the job training and overall supervision to the teammates.

During the process, the responsible team members will conduct researches and collect information from the client. For certain projects, site visit may be arranged if necessary. Based on the information collected, the responsible team members will prepare a draft valuation model and/or draft report. To ensure the quality and accuracy of work, the draft valuation model and/or draft report will then be reviewed by another teamhead and/or professional staff with relevant experience and qualification not involving in the project before providing the first draft report to the clients. In particular, the Group has implemented its own best practice guidelines for natural resources related projects based on the international recognised standards and/or standards under the requirements of the Main Board Listing Rules or the GEM Listing Rules. The Group's independent professional geologists to be engaged on a project-by-project basis and/or one of Mr. Hodgson, Mr. Jones, or Mr. Mensah, being professional staff with relevant experience and qualifications not involving in the project will act as peer reviewer(s) to review the Group's natural resources related projects including, among others, the preparation and/or issue of Competent Person's Reports and the Natural Resources Valuation Reports based on, among others, the peer review checklists stated in the best practice guidelines to ensure that all relevant steps required in the preparation of such reports have been completed and that the reports are prepared in compliance with relevant international recognised standards and/or standards under the requirements of the Main Board Listing Rules or the GEM Listing Rules. With reference to the natural resources related professional qualification and experience of Mr. Hodgson, Mr. Jones and Mr. Mensah, the Directors consider that they are competent to conduct the peer review on the Group's natural resources related projects. Mr. Luk undertakes that he will not participate as a co-author or peer reviewer of natural resources related projects of the Group going forward unless he demonstrates that he possesses mining-related academic qualifications and sufficient mining related experiences.

**Reporting stage**

The draft report may be revised by incorporating the comments from the clients and/or other professional parties engaged by the clients. If the report is prepared for public documentation purpose, the team may have to respond to the queries from other parties, including financial advisers, auditors and regulatory bodies such as the Stock Exchange and the SFC. Upon obtaining confirmation from the clients that they have no further comments and clearance from the regulatory bodies where appropriate, the final signed report will be issued accordingly.

The following illustrates the principal work flow in general in execution and reporting stages and reporting line specifically in natural resources related projects involving independent professional geologist:



**ENGAGEMENT OF INDEPENDENT PROFESSIONALS**

During the Track Record Period, independent professionals had been engaged from time to time to work alongside the Group’s professional team to provide joint supervision and to prepare the relevant reports in relation to, among others, natural resources valuation and technical advisory services and real

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estate valuation for the Group's clients. Terms and conditions of each engagement, including the amount of fee, was and will be negotiated and determined at arm's length between the Group and the independent professionals on a project-by-project basis. During the Track Record Period, all the independent professionals engaged by the Group were only remunerated at a fixed lump sum or fixed hourly rate agreed between the Group and the independent professional. Duration of the engagement of independent professionals, which varied from the nature of services provided, was agreed between the Group and the independent professional. Agreements signed between the Group and the independent professional geologists generally contain the clauses in relation to termination and confidentiality. In view of the role of the independent professionals and the nature of the services provided, none of the independent professionals was required to provide any non-competition undertaking in favour of the Group during their period of the engagement. As the Group continuously strives to provide high quality and professional services to its clients, it will continue to engage independent professionals on a project-by-project basis for its valuation and technical advisory services where appropriate. Notwithstanding the above, as at the Latest Practicable Date, the Group's professional team possessed the relevant experience, qualifications and knowledge, save for testing and certification of various minerals which are generally outsourced to external laboratories, to conduct all the valuation and technical advisory services completed by the Group during the Track Record Period.

In order to maintain the Group's competitive advantage in the provision of natural resources valuation and technical advisory services, the Group makes itself readily available to provide its clients with natural resources related services covering a broader range of style of mineralization and type of deposit by assembling a panel of independent professional geologists (the "**Panel**"). As at the Latest Practicable Date, the Panel comprised three independent professional geologists from Australia and Canada, and none of them has previously been the Group's employee nor has entered into any contract, commitment and/or agreed term (save for the agreements in relation to the engagement of the Group's independent professional geologist on a project basis) with the Group. They were not aware of any material deficiency in the quality of the Group's natural resources related reports and the work performed by the Group's professional team. The following are details of the biographies of the Panel's members.

Panel member A, who joined the Panel since June 2012, has been engaged by the Group as an independent professional geologist. Panel member A graduated from the Royal Melbourne Institute of Technology, which is accredited by the Australian Government, granted by the Victorian Institute of Colleges with a bachelor's degree in applied science (applied geology) in 1977 and obtained a master of business administration from the Royal Melbourne Institute of Technology in 1995. He is a Fellow of Australasian Institute of Mining and Metallurgy. He has over ten years' experience as a geologist, and has met the mandatory requirements of and acted as a Competent Evaluator.

Panel member B, who joined the Panel since June 2012, has been engaged by the Group as an independent professional geologist. Panel member B graduated from the University of London, which is accredited by the Government of the United Kingdom, with a bachelor's degree in geology and geography in 1970 through distance learning courses and subsequently obtained a bachelor's degree in science (special honours in geology) from the University of Rhodesia (now the University of Zimbabwe, which is accredited by the Government of Zimbabwe). He published several papers that were related to geological sciences. He is a Fellow of the Australasian Institute of Mining and Metallurgy. He has over ten years' experience as a geologist. He has acted as a competent person and an expert in accordance with the JORC Code and VALMIN Code respectively, and also met the mandatory requirements of and

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acted as a Competent Person. Those reports being signed-off by Panel Member B had been accepted by stock exchanges, namely the Australian Securities Exchange and the Stock Exchange for inclusion in relevant announcement, circular or prospectus.

Panel member C, who joined the Panel since June 2012, has been engaged by the Group as an independent professional geologist. Panel member C graduated from the Queen's University at Kingston, which is accredited by the Government of Ontario, with a bachelor degree's in science (geological sciences) in 1968 and a master of science (engineering) in geological sciences in 1972, and subsequently obtained his doctoral degree from the University of New Brunswick, which is accredited by the Government of New Brunswick, Canada. He is a member of the Association of Professional Engineers of Ontario. He has over ten years' experience as a geologist. He has acted as a qualified person in accordance with the NI 43-101. He was an author/co-author of several published papers.

Subject to the experiences and qualifications of such independent professional geologists and the nature of the relevant natural resources related project, the Group may consider, in the event that the Group's professional team does not have the relevant expertise, qualification or experience in respect of a particular style of mineralization and deposit type, appointing from the Panel an independent professional geologist on a project by project basis. The main responsibilities of an independent professional geologist including the Panel's members engaged for the Group's natural resources related projects are project supervision as well as preparation, issue and signing of the relevant reports. To enable the Group to capture the growing opportunities in the natural resources valuation and technical advisory services market, the Directors intend to invite and designate more independent professional geologists to join the Panel. In order to be selected as a member of the Panel, an independent professional geologist has to, where applicable, (i) have a minimum of five years' experiences relevant to certain style of mineralization and type of deposit or type of petroleum exploration; (ii) have extensive experience in relevant international recognised standards, such as JORC Code, NI 43-101, VALMIN Code or CIMVAL; (iii) have substantial experience in open pit and underground mining operations including grade control, mine planning and production scheduling, production reconciliation and reporting; (iv) have significant management experience of geological teams in exploration and mining departments; (v) be professionally qualified in terms of academic background; (vi) be a member in good standing of a relevant Recognised Professional Organisations such as, among others, the Australian Institute of Geoscientists, the Australasian Institute of Mining and Metallurgy and the Canadian Institute of Mining or Metallurgy and Petroleum; and (vii) be familiar with certain computer software packages commonly used in the industry including specialised exploration and mining software such as Datamine, MineMap, Arcview GIS, MapInfo, Micromine and Surpac. A vetting process will be carried out on all potential independent professional geologists before engagement during which the management will assess and determine the independence, suitability, competency, track records, reputations as well as relevant qualifications of those potential independent professional geologists for carrying out the specific work. Terms and conditions of each engagement, including the fee amount, will be negotiated and determined at arm's length between the Group and the suitable independent professional geologist on a project-by-project basis.

For every project when an independent professional is engaged by the Group to work alongside its professional team and being responsible for signing-off the relevant reports, the Group will designate its professional staff to conduct necessary research and valuation, while the independent professional or teamhead with relevant experience and qualification will supervise the work performed and review the draft valuation model and/or draft report prepared by the Group's professional team and also provide

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comments from a professional point of view. Another teamhead and/or professional staff with relevant experience and qualification not involving in the project will act as peer reviewer on a project-by-project basis to conduct peer review on the draft valuation model and/or draft report prepared by the Group's professional team. The peer reviewer will also review and discuss the works prepared by the independent professional to ensure that they fully comply with the relevant professional standards and/or guidelines, and/or the Group's best practice guidelines for natural resources related projects, and to reduce the Group's exposure to the risks of professional liability. For each project, all the relevant documentations are kept by the Group in accordance with its internal control procedure. There was no project undertaken by the Group during the Track Record Period that was solely handled by independent professionals, without any involvement of the Group's professional team.

The Directors believe that this arrangement will not only assure the quality of the Group's services but also provide valuable opportunities for the Group's employees to work with and learn from the independent professionals. The Directors are of the view that the Group will have negligible risk due to the inability to secure sufficient independent professionals for its ongoing services, especially the natural resources valuation and technical advisory services given the existence of the Panel. As stated in the terms and conditions of its mandates, the Group reserves the right to use sub-consultants (i.e. independent professionals) if deemed appropriate. Thus, a consent from client is not required before engaging independent professionals. For the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012, the Group engaged 7, 14 and 8 independent professionals involving in 116, 30 and 15 projects respectively, which contributed revenue of approximately HK\$27.7 million, HK\$9.4 million and HK\$2.2 million to the Group for the relevant year/period, and incurred total service fees of approximately HK\$1.2 million, HK\$2.6 million and HK\$0.8 million for such independent professionals respectively. Among the projects involved independent professionals, there were 67, 15 and 13 projects, which involved 3, 10 and 6 independent professionals and contributed revenue of approximately HK\$26.6 million, HK\$9.1 million and HK\$2.2 million to the Group for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively, in relation to the Group's natural resources valuation and technical advisory services for the relevant year/period.

The tables below set out the details of number of independent professionals engaged in some of the Group's services, their qualifications and experience and expertise as a whole for the financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012. The independent professional engaged in a type of service may overlap with another due to possession of multi-disciplined qualifications, experience and expertise.

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*For the financial year ended 31 March 2011*

<u>Professional services</u>	<u>Number of independent professional(s)</u>	<u>Professional credential</u>	<u>Industry experience and expertise</u>
Natural resources valuation and technical advisory services <i>(Note 1)</i>	3	<p>Member of the American Society of Civil Engineers</p> <p>Member of the American Society for Engineering Management</p> <p>Member of the Australasian Institute of Mining and Metallurgy</p> <p>Member of the Australian Institute of Building</p> <p>Member of the British Geotechnical Association</p> <p>Member of the Canadian Geotechnical Society</p> <p>Member of the Canadian Institute of Mining, Metallurgy &amp; Petroleum</p> <p>Member of the Canadian Society for Civil Engineering</p> <p>Member of the Chartered Institution of Building</p> <p>Member of the Chartered Management Association</p> <p>Member of the Chartered Management Institute</p> <p>Member of the Hong Kong Institution of Construction Manager</p> <p>Member of the Institution of Chartered Engineers of Canada</p> <p>Member of the Institution of Civil Engineers</p> <p>Member of the Institution of Engineers, Australia</p> <p>Member of the Institute of Materials, Minerals &amp; Mining</p> <p>Member of the Minerals, Metals &amp; Materials Society</p> <p>Member of the Society of Petroleum Engineers</p>	<p>Being the overall responsible person for preparing Competent Person's Reports and Natural Resources Valuation Reports required by the Stock Exchange under Chapter 18 of the Main Board Listing Rules or Chapter 18A of the GEM Listing Rules</p> <p>Provision of natural resources related technical advisory service</p> <p>Inspection, verification, testing and certification of various minerals</p>

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<u>Professional services</u>	<u>Number of independent professional(s)</u>	<u>Professional credential</u>	<u>Industry experience and expertise</u>
Business and intangible assets valuation	1	Certified Public Accountants	Accounting Auditing Financial analysis Financial and industrial research
Real estate valuation <i>(Note 2)</i>	2	Member of the Chartered Institute of Arbitrators  Corporate Member of the Hong Kong Institute of Surveyors  Chartered Surveyor of the Royal Institution of Chartered Surveyors  Registered Professional Surveyor (General Practice)	Valuation of commercial, industrial and residential properties located in Hong Kong, the PRC or Singapore
Work of art valuation	1	International Society of Appraisers	Valuation of collectible items such as water and oil paintings, watches, sculptures, books furniture, statue etc.

***For the financial year ended 31 March 2012***

<u>Professional services</u>	<u>Number of independent professional(s)</u>	<u>Professional credential</u>	<u>Industry experience and expertise</u>
Natural resources valuation and technical advisory services <i>(Note 1)</i>	10	Doctoral degree in geology  Master of engineering  Member of the Association of Professional Engineers of Ontario  Member of the Australasian Institute of Mining and Metallurgy  Member of the Australian Institute of Geoscientists	Being the overall responsible person for preparing Competent Person's Reports and Natural Resources Valuation Reports required by the Stock Exchange under Chapter 18A of the GEM Listing Rules  Being the overall responsible person for preparing technical reports in accordance with JORC Code and NI 43-101  Provision of natural resources related technical advisory and valuation services  Inspection, verification, testing and certification of various minerals

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Professional services	Number of independent professional(s)	Professional credential	Industry experience and expertise
Real estate valuation (Note 2)	2	Member of the Chartered Institute of Arbitrators  Corporate Member of the Hong Kong Institute of Surveyor  Chartered Surveyor of the Royal Institution of Chartered Surveyors  Registered Professional Surveyor (General Practice)	Valuation of commercial, industrial and residential properties located in Hong Kong, the PRC or Singapore
Industrial valuation	1 (Note 3)	N/A	Financial modeling  Industrial and financial research  On-site inspection
Work of art valuation	1	International Society of Appraisers	Valuation of collectible items such as water and oil paintings, watches, sculptures, books furniture, statue etc.
Purchase Price Allocation	1 (Note 3)	N/A	Financial modeling  Industrial and financial research  On-site inspection

*Notes:*

1. During the financial year ended 31 March 2011, none of the Group's employees met the requirements for acting as the Competent Person or the Competent Evaluator; and/or a qualified person under the NI 43-101. During the financial year ended 31 March 2012, there was one employee of the Group who had met the mandatory requirements of both Competent Person and Competent Evaluator. Such employee again became an independent professional geologist of the Group with effect from April 2012.
2. During the financial year ended 31 March 2011, none of the Group's employees was a Corporate Member of The Hong Kong Institute of Surveyors. During the financial year ended 31 March 2012 and the four months ended 31 July 2012, and as at the Latest Practicable Date, there was one employee of the Group who had met the mandatory requirements for providing real estate valuation services in Hong Kong.
3. The same independent professional was engaged by the Group in the relevant projects in relation to the services.

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*For the four months ended 31 July 2012*

<u>Professional services</u>	<u>Number of independent professional(s)</u>	<u>Professional credential</u>	<u>Industry experience and expertise</u>
Natural resources valuation and technical advisory services <i>(Note 1)</i>	6	<p>Member of the Australasian Institute of Mining and Metallurgy</p> <p>Member of the British Geotechnical Association</p> <p>Member of the Chartered Institution of Building</p> <p>Member of the Hong Kong Institution of Construction Manager</p> <p>Member of the Institution of Civil Engineers</p> <p>Member of the Institution of Engineers, Australia</p> <p>Member of the Institute of Materials, Minerals &amp; Mining</p> <p>Member of the Society of Petroleum Engineers</p> <p>Fellow of the Australasian Institute of Mining and Metallurgy</p> <p>Member of the Petroleum Exploration Society of Australia</p> <p>Member of the American Association of Petroleum Geologists</p>	<p>Being the overall responsible person for preparing Competent Person's Reports and Natural Resources Valuation Reports required by the Stock Exchange under Chapter 18 of the Main Board Listing Rules or Chapter 18A of the GEM Listing Rules</p> <p>Provision of technical advisory and valuation services</p> <p>Inspection, verification, testing and certification of various minerals</p>
Real estate valuation <i>(Note 2)</i>	1	<p>Member of the Chartered Institute of Arbitrators</p> <p>Corporate Member of the Hong Kong Institute of Surveyors</p> <p>Chartered Surveyor of the Royal Institution of Chartered Surveyors</p> <p>Registered Professional Surveyor (General Practice)</p>	<p>Valuation of commercial, industrial and residential properties located in Hong Kong, the PRC or Singapore</p>
Industrial valuation	1	N/A	<p>Financial modeling</p> <p>Industrial and financial research</p> <p>On-site inspection</p>

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### PROJECTS UNDERTAKEN BY THE GROUP DURING THE TRACK RECORD PERIOD

During the Track Record Period, the Group had provided valuation and technical advisory services in Hong Kong. For the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012, the Group had 121, 168 and 158 clients; and 284, 357 and 271 valuation and technical advisory projects respectively. There were 42, 7 and 3 projects being required to be signed off by independent professionals engaged by the Group and the total revenue generated therefrom amounted to approximately HK\$7.9 million, HK\$7.2 million and HK\$0.7 million, representing approximately 20.7%, 24.2% and 4.9%, of the Group's total revenue for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively, while there were 116, 30 and 15 projects which involved independent professionals engaged by the Group of a total revenue of approximately HK\$27.7 million, HK\$9.4 million and HK\$2.2 million, representing approximately 72.5%, 31.6% and 15.3% of the Group's total revenue for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively. Excluding those projects involved independent professionals being recruited as employees by the Group subsequent to the Track Record Period, revenue generated from projects involved independent professionals amounted to approximately HK\$27.5 million, HK\$3.2 million and HK\$2.2 million, which represented approximately 72.0%, 10.8% and 15.3% of the Group's total revenue for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively; whereas for the period from 1 August 2012 to 30 September 2012 such projects accounted for approximately 12.6% of the Group's total revenue. During the Track Record Period, save for natural resources valuation and technical advisory service and real estate valuation service, the Group's professional team possessed the relevant experience, qualifications and knowledge to conduct all the valuation and technical advisory services provided by the Group. As at the Latest Practicable Date, the Group's professional team possessed the relevant experience, qualifications and knowledge, save for testing and certification of various minerals which are generally outsourced to external laboratories, to conduct all the valuation and technical advisory services completed by the Group during the Track Record Period.

The table below sets out the details of the projects for the Group's top five clients undertaken by the Group during the Track Record Period.

	Revenue HK\$'000	Type of services	Location of relevant assets or businesses	Background of client	Year of commencement of relationship with the Group	Time of commencement (Note 1)	Time of completion (Note 2)	Number of the Group's professional team members involved	Number of independent professional involved	Scope of work
<b>For the financial year ended 31 March 2011</b>										
1	3,345 (Note 3)	Natural resources valuation and technical advisory	the PRC and Mongolia	Listed Company	2010	July 2010	Expected in 2013	5	1	Data analysis Desktop reviews On-site examination Report preparation
2	2,633	Natural resources valuation and technical advisory	Indonesia	Listed Company	2011	February 2011	Expected in early 2013	8	1	Data analysis Desktop reviews On-site examination Report preparation
3	2,181	Natural resources valuation and technical advisory	Indonesia	Listed Company	2010	July 2010 to September 2010	June 2011	5	1	Data analysis Desktop reviews On-site examination Report preparation
4	2,073	Business and intangible assets valuation and natural resources valuation and technical advisory	Inner Mongolia	Listed Company	2010	April 2010 to October 2010	July 2010 to November 2010	3 to 10	1	Data analysis Desktop reviews On-site examination Report preparation
5	2,028	Business and intangible assets valuation	the PRC	Listed Company	2010	March 2010 to January 2011	July 2010 to March 2011	3 to 4	1	Data analysis Desktop reviews Report preparation

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	Revenue HK\$'000	Type of services	Location of relevant assets or businesses	Background of client	Year of commencement of relationship with the Group	Time of commencement (Note 1)	Time of completion (Note 2)	Number of the Group's professional team members involved	Number of independent professional(s) involved	Scope of work
<b>For the financial year ended 31 March 2012</b>										
1	1,980 (Note 4)	Natural resources valuation and technical advisory	the PRC	Private company	2012	February 2012	Expected in 2013	5	2	Data analysis Desktop reviews On-site examination Report preparation
2	1,837	Financial instruments valuation, natural resources valuation and technical advisory and real estate valuation	the PRC	Listed Company	2011	July 2011 to January 2012	April 2012	7	2	Data analysis Desktop reviews On-site examination Report preparation
3	1,512	Financial instruments valuation and natural resources valuation and technical advisory	the PRC	Listed Company	2010	May 2011 to February 2012	May 2011 and expected in 2013	7	1	Data analysis Desktop reviews On-site examination Report preparation
4	1,404	Natural resources valuation and technical advisory	Canada	Private company	2011	July 2011	Expected in 2013	4	2	Data analysis Desktop reviews On-site examination Report preparation
5	1,248	Natural resources valuation and technical advisory	the PRC	Listed Company	2011	September 2011	January 2012	4	2	Data analysis Desktop reviews On-site examination Report preparation
<b>For the four months ended 31 July 2012</b>										
1	2,510	Natural resources valuation and technical advisory	the PRC	Listed Company	2010	December 2011 to May 2012	April 2012 and expected in 2013	4 to 6	1	Data analysis Desk reviews On-site examination Report preparation
2	1,287	Financial instruments valuation and natural resources valuation and technical advisory	the PRC	Listed Company	2010	October 2011 to July 2012	August 2012, September 2012 and expected in 2013	5 to 10	1	Data analysis Desk reviews On-site examination Report preparation
3	1,088	Financial instruments valuation, industrial valuation, natural resources valuation and technical advisory and real estate valuation	the PRC and Mongolia	Listed Company	2011	January 2012 to June 2012	July 2012, September 2012 and expected in 2013	3 to 5	1	Data analysis Desk reviews On-site examination Report preparation
4	889	Natural resources valuation and technical advisory	the PRC	Listed Company	2010	February 2012	Expected in 2013	8	Nil	Data analysis Desk reviews On-site examination Report preparation
5	819	Natural resources valuation and technical advisory	Argentina Republic and the United States	Listed Company	2010	June 2011 to July 2012	August 2012 and expected in 2013	4 to 7	1	Data analysis Desk reviews On-site examination Report preparation

**Notes:**

- The Directors consider the commencement of a project to be the commencement of the planning stage which includes the works of understanding the client and/or client acceptance procedure. Details of the works performed in the planning stage are set out under the paragraph headed "Process for issuance of report" in this section.
- Time of completion represents the time when the Group completed or expected to complete all its scope of work set out in the relevant mandate of the project.
- Accrued revenue of approximately HK\$1.4 million had not yet been billed and remained outstanding as at 31 March 2011. During the financial year ended 31 March 2012, approximately of HK\$1.0 million of the accrued revenue balance as at 31 March 2011 was billed by the Group. As this client fully settled the billed service income during the two financial years ended 31 March 2011 and 2012, there was no trade receivable from this client as at 31 March 2011 and 2012. Assuming no early termination of the project, a further HK\$1.8 million will be recognised as revenue by the Group after the Track Record Period.
- As at 31 March 2012, the Group had issued the draft report to this client, representing a percentage of completion of 90% in accordance with the Group's revenue recognition policy. Accrued revenue of approximately HK\$1.3 million had not yet been billed and remained outstanding as at 31 March 2012. As this client fully settled the billed service income during the financial year ended 31 March 2012, there was no trade receivable from this client as at 31 March 2012. Assuming no early termination of the project, a further HK\$0.2 million will be recognised as revenue by the Group after the Track Record Period.

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The Group provided natural resources valuation and technical advisory services to its top five clients with a total contract sum in relation to natural resources related projects of approximately HK\$14.9 million, HK\$10.0 million and HK\$12.8 million for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012. Natural resources valuation and technical advisory services mainly involved resource estimation, project feasibility studies, evaluation, environmental and social services, and risk management. Details of the above scope of services are set out in the paragraph headed “Services of the Group” in this section. Given the complexity and wider scope of services, higher risks associated with natural resources assets, different locations of assets and more time and manpower involved in the projects, the service fees charged by the Group for the aforesaid five clients were higher than those derived from the other projects of the Group.

### SUPPLIERS

There were 8, 18 and 10 suppliers, 7, 14 and 8 of which respectively were independent professionals, for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012. The top five suppliers of the Group accounted for approximately 90%, 80% and 83% of the Group’s total service fees expenses respectively, whereas the largest supplier of the Group accounted for approximately 36%, 34% and 24% of the Group’s total service fees expenses respectively. None of the Directors, their respective associates or any Shareholders holding more than 5% of the issued share capital of the Company held any interest in the five largest suppliers of the Group during the Track Record Period.

The tables below set out the details of the Group’s top five suppliers during the Track Record Period. Four of the top five suppliers of the Group in each of the two financial years ended 31 March 2011 and 2012, and all of the top five suppliers of the Group in the four months ended 31 July 2012 shown below were independent professionals. The remaining supplier for the two financial years ended 31 March 2011 and 2012 was a global financial information provider.

	<u>Service fees expenses</u> HK\$’000	<u>Type of services</u>	<u>Location of suppliers</u>	<u>Background of suppliers</u>	<u>Year of commencement of relationship with the Group</u>
<b>For the financial year ended 31 March 2011</b>					
1	500	Natural resources valuation and technical advisory	Hong Kong	Technical consultant	2010
2	377	Scoping study for a coal project in Indonesia	Indonesia	Geology consulting firm	2010
3	138	Financial information across industries, and across the world	Hong Kong	Financial information provider	2009
4	125	Real estate valuation	Hong Kong	Surveyor	2009
5	103	Real estate valuation	Hong Kong	Surveying company	2009

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<u>Service fees expenses</u> HK\$'000	<u>Type of services</u>	<u>Location of suppliers</u>	<u>Background of suppliers</u>	<u>Year of commencement of relationship with the Group</u>	
<b>For the financial year ended 31 March 2012</b>					
1	949	Natural resources valuation and technical advisory	Canada	Technical consultant	2011
2	622	Natural resources valuation and technical advisory	Australia	Technical consultant	2011
3	351	Natural resources valuation and technical advisory	Hong Kong	Technical consulting firm	2011
4	184	Financial information across industries, and across the world	Hong Kong	Financial information provider	2009
5	134	Laboratory analytical services	Canada	Testing and certification company	2011
<b>For the four months ended 31 July 2012</b>					
1	217	Natural resource valuation and technical advisory	Hong Kong	Technical consulting firm	2012
2	175	Natural resource valuation and technical advisory	Australia	Technical consultant	2011
3	146	Natural resource valuation and technical advisory	Australia	Technical consultant	2012
4	102	Natural resource valuation and technical advisory	Australia	Technical consulting firm	2011
5	100	Natural resource valuation and technical advisory	Hong Kong	Technical consultant	2010

Since the revisions to Chapter 18 of the Main Board Listing Rules and Chapter 18A of the GEM Listing Rule took effect in June 2010, the Group has provided its natural resources valuation and technical advisory services to a number of Listed Companies. The Group's revenue generated from the natural resources valuation and technical advisory services which must be performed by a Competent Evaluator or a Competent Person amounted to approximately HK\$7.1 million, HK\$8.0 million and HK\$1.8 million for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively, representing approximately 18.6%, 27.0% and 12.5% of the Group's total revenue respectively.

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The following table summarises the major projects, of which the Group had provided its services on various Relevant Notifiable Transactions and discloseable transactions involving acquisition or realisation of interests in mineral assets, that were completed by the Group since the commencement of the Track Record Period and up to the Latest Practicable Date.

<u>Report issue date</u>	<u>Company name</u>	<u>Stock code</u>	<u>Type of report(s)</u>
July 2010	China Precious Metal Resources Holdings Co., Ltd.	1194.HK	Natural Resources Valuation Report
August 2010	China Properties Investment Holdings Limited	736.HK	Natural Resources Valuation Report Competent Person's Report
October 2010	China Precious Metal Resources Holdings Co., Ltd.	1194.HK	Natural Resources Valuation Report
November 2010	Honbridge Holdings Limited	8137.HK	Natural Resources Valuation Report
February 2011	King Stone Energy Group Limited	663.HK	Natural Resources Valuation Report
June 2011	eForce Holdings Limited	943.HK	Natural Resources Valuation Report Competent Person's Report
June 2011	China Precious Metal Resources Holdings Co., Ltd.	1194.HK	Natural Resources Valuation Report
January 2012	Hao Tian Resources Group Limited	474.HK	Competent Person's Report
April 2012	Timeless Software Limited	8028.HK	Natural Resources Valuation Report ( <i>Note</i> ) Competent Person's Report ( <i>Note</i> )
June 2012	Aluminum Corporation of China Limited	2600.HK	Natural Resources Valuation Report
September 2012	China Precious Metal Resources Holdings Co., Ltd.	1194.HK	Natural Resources Valuation Report

*Note:* Roma Oil and Mining was engaged by Timeless Software Limited for the preparation of the Natural Resources Valuation Report and the Competent Person's Report. Mr. Jones, who has been the Group's chief geologist since April 2012, issued and signed as the Competent Evaluator and the Competent Person respectively for these two reports.

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As at the Latest Practicable Date, the Group had been engaged by 70 Listed Companies and 48 private entities in 181 projects, which are active and on-going. The on-going projects, with similar terms with that of the Group's completed projects during the Track Record Period, comprise of 65 natural resources valuation and technical advisory service projects; 36 real estate valuation projects; 30 business and intangible asset valuation projects; 30 financial instruments valuation projects; 9 purchase price allocation projects; 6 industrial valuation projects; 3 corporate advisory projects and 2 work of art valuation project and with a total contract sum of approximately HK\$77.1 million and of which approximately HK\$32.4 million were recognised as the Group's revenue during the Track Record Period. The outstanding billing of these on-going projects as at the Latest Practicable Date amounted to approximately HK\$29.8 million. Such on-going projects are expected to be completed between the first quarter of 2013 and the third quarter of 2013. The table below sets out the details of the Group's active and on-going projects as at the Latest Practicable Date.

	<b>Revenue recognised during the Track Record Period in relation to various percentages of completion at the end of the Track Record Period</b>		<b>Total revenue recognised during the Track Record Period</b>	<b>Revenue to be recognised subsequent to the Track Record Period</b> <i>(Note)</i>
	<i>less than or equal to 50%</i>	<i>more than 50%</i>		
	<b>HK\$'000</b>	<b>HK\$'000</b>		
Natural resources valuation and technical advisory services	9,111	21,874	30,985	39,988
Business and intangible assets valuation	333	620	953	2,385
Financial instruments valuation	33	22	55	575
Real estate valuation	47	112	159	1,025
Work of art valuation	—	—	—	42
Industrial valuation	66	—	66	250
Purchase price allocation	43	68	111	574
Corporate advisory	—	36	36	30
	<u>9,633</u>	<u>22,732</u>	<u>32,365</u>	<u>44,869</u>

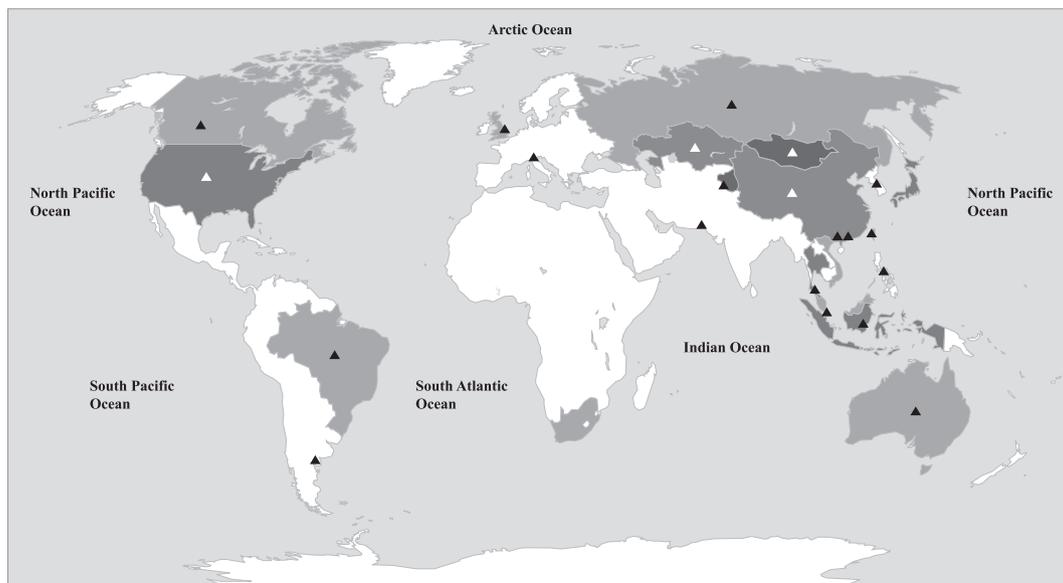
*Note:* The on-going projects are expected to be completed between the first quarter of 2013 and the third quarter of 2013, thus the related revenue is expected to be recognised during the aforesaid period.

The Group's clients have the right to unilaterally terminate the projects and thus there is a risk that the total revenue to be received by the Group may be lower than the agreed contracted sum. Notwithstanding the recent financial market conditions, the Group intends to continue with all the on-going projects with the relevant clients and is not aware of any matters from these clients that the projects may be terminated. Therefore, the Directors do not foresee that any of the on-going projects will be unilaterally terminated by the Group's clients or the total amount of service fees receivable by the Group on the ongoing projects will be lower than the agreed total contracted sum.

**CLIENTS**

During the Track Record Period, approximately 47.9% of the Group's clients were Listed Companies, some of whom had engaged the Group for more than one kind of services. During the Track Record Period, in respect of the Group's total number of projects, business and intangible assets valuation, financial instruments valuation and natural resources valuation and technical advisory services were the major services provided by the Group. Business and intangible assets valuation and financial instruments valuation contributed approximately 53.2%, 49.9% and 40.2% to the Group's total number of projects for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively, while natural resources valuation and technical advisory services contributed approximately 23.6%, 24.6% and 27.7% to the Group's total number of projects for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively.

As at the Latest Practicable Date, valuation and technical advisory experiences of the Group spanned across 21 countries and territories in the world as detailed below:



Argentina	Hong Kong	Korea	Pakistan	Singapore	United States
Australia	Indonesia	Macau	Philippines	Taiwan	
Brazil	Italy	Malaysia	PRC	Tajikistan	
Canada	Kazakhstan	Mongolia	Russia	United Kingdom	

The Group's top five clients accounted for an aggregate of approximately 32%, 27% and 46% of the Group's total revenue in each of the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively. For the same periods, the Group's largest client contributed approximately 9%, 7% and 17% to the Group's total revenue respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors, chief executives, or any person who owns more than 5% of the issued share capital of the Company or any of its subsidiaries, or their respective associates had any interest in any of the Group's five largest clients during the Track Record Period.

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The Directors consider the commencement of a project to be the commencement of the planning stage which includes the works of understanding the client and/or client acceptance procedure. After that, the Group proceeds with the work under the execution stage. The Group would normally require the client to confirm and sign a mandate with it before commencement of work and services. Nevertheless, there may exist projects where the relevant mandates were executed after commencement of work and services. Some mandates were executed by the clients during the execution stage, which the Group may have completed the peer review and final review, representing a percentage of completion of at most 50% in accordance with the revenue recognition policy of the Group. There was also a project with the top client of the Group for the financial year ended 31 March 2011 whose mandate was executed during the reporting stage when the Group has provided the draft report to such client, representing a percentage of completion of 80%. All the major terms and scope of work are included in the mandates. All of the Group's services rendered to the Group's clients are charged in HK\$ or RMB or US\$; and are settled according to the terms set out in the relevant mandates. The terms of each mandate, including the payment schedule, are negotiated between the client and the Group and are determined on a case-by-case basis with reference to the specific circumstances of each project. The service fees charged by the Group are principally determined based on arm's length discussion between the Group and its clients with reference to the scope of work, the complexity of the projects, location, the time cost estimated to be incurred by the Group and the risks attached to each project as assessed by the management of the Group. No contingent fee is charged by the Group. It is the current approach of the Group to bill the fees under the mandates in three instalments under normal circumstances with the first instalment to be paid upon execution of the mandates, the second instalment to be paid upon circulation of first draft report to clients and the final instalment to be paid upon the delivery of the final reports or at completion of the advisory services. In general, no credit period is granted to the Group's clients. During the Track Record Period, the Group did not record any provision for bad debt or write-off of trade receivables. However, there was a natural resources related project involving the preparation of technical review reports for annual reporting purpose, in which the Group was engaged in the financial year ended 31 March 2011, being unilaterally terminated by the client in the financial year ended 31 March 2012 due to the client's own reasons to terminate the engagement as it subsequently found out that such reports were not required for annual reporting purpose. In the view that the immaterial extent of work was performed and the Directors considered maintaining a good and long term relationship with this recurrent client, which further engaged the Group for six projects in relation to natural resources valuation and technical advisory services and financial instruments valuation from April 2012 to the Latest Practicable Date, a refund of HK\$175,000 was made by the Group to this client in the financial year ended 31 March 2012.

## MARKETING

The Directors believe that effective marketing strategies are important to the Group's business development. The marketing department of the Group is responsible for planning and executing marketing strategies. The Directors believe that maximising brand awareness is essential. The strategy is executed through different channels such as corporate website, corporate brochure, newsletter, conference and exhibition, event sponsorship with logo exposure and so on. In a saturated market environment, the Group will continue to expand its professional staff team and further explore the opportunities in the existing services so as to increase market share in the industry.

The Directors believe that high brand awareness may generate further business opportunities and attract new clients. The Group actively participates in different industry events and seminars as speakers to share the experiences and the thoughts with the industry. The Group had participated as exhibitor and

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hosted the valuation workshops in conferences and exhibitions in relation to mining sector in March 2011 and 2012 in Hong Kong and June 2011 in Beijing. In August and September 2011, and August 2012, the Group co-organised seminars with professional institutes regarding natural resources valuation and technical advisory. Together with the seasoned specialists and extensive experience, the Group would like to develop to be the industry thought leader.

The Group intends to regularly organise client relationship events to maintain the relationship with existing clients and the exposure in the industry and public. The Directors believe that the Group's emphasis on the quality of professional and efficient client services together with the Group's effective marketing strategies contributes to the growth of the Group.

Moreover, the Directors believe that the Listing itself will be conducive to the further enhancement of the Group's branding and onward business development in the future. The Directors consider the Listing to be another breakthrough in promoting the Group to general public level. The Group will consider placing advertisement in public channels and electronic channels as well as participating in public event sponsorship so as to promote the brand in addition to existing channels.

### COMPETITION

The Directors consider that the major competition arises from international mining consultancy firms who possess the relevant experience and knowledge. The Directors also consider that the elements of competition include fee rate, quality of service, brand recognition, professional teams, speed of response and manpower. The Directors are of the view that the Group's major competitors in the natural resources valuation and technical advisory services industry are international mining consultancy firms in mineral rich countries such as Australia, United States and Canada. These international mining consultancy firms possess large teams of professionals who have extensive experience and knowledge in the mining industry and have well-established brand name and resources. The Directors believe that due to lack of mineral resources in Hong Kong and specialised academic and experience requirements in this industry, there are only a few competitors based in Hong Kong.

The valuation and consultancy services industry is highly competitive in Hong Kong. The Directors are aware that there are competitors providing similar services with different scale of operations. The Group's competitors are mainly valuation companies (for valuation services) and local surveying companies (for real estate valuation service only) as the Group's operations and business are based in Hong Kong and the Group's target clients are Listed Companies. Some of the Group's competitors have longer operating history and have a well established brand to capture the market share. Some of them have more financial or marketing resources or larger teams of professionals than that of the Group and therefore they may be able to respond more quickly to the changes in the operating environment than the Group.

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The Directors consider the entry barrier to the setting up of a valuation service company to be low as substantial capital investment is not required in the valuation and consultancy services industry. Real estate valuation reports for properties situated in Hong Kong are required to be prepared by an independent qualified valuer who is either a Chartered Surveyor of The Royal Institution of Chartered Surveyors (Hong Kong Branch) or Corporate Member of The Hong Kong Institute of Surveyors. Save for the aforesaid, there is no mandatory qualification or experience requirement for provision of real estate valuation services in Hong Kong.

Regarding the natural resources valuation and technical advisory services, notwithstanding that the setting up of a natural resources valuation and technical advisory services company does not require substantial capital investment under applicable rules and regulations, the Directors believe that expertise in relevant mining experience and knowledge in the Hong Kong market may be limited. Since the revisions to Chapter 18 of the Main Board Listing Rules and Chapter 18A of the GEM Listing Rules became effective in June 2010, the Stock Exchange has set up professional guidelines in relation to the preparation of Competent Person's Reports and Natural Resources Valuation Reports. The Directors consider that, due to the mandatory requirement of relevant experience as well as affiliation to professional organisation of Competent Person and Competent Evaluator, the entry barrier for natural resources valuation and technical advisory services industry is higher than that of the valuation services industry.

The Group's core competence is its localised and experienced professional team who are familiar with the culture in the Asia Pacific region in particular Hong Kong and the PRC. The Group prides itself of its ability to deliver timely and quality service to its clients. The Directors are of the view that the Group's competitive strengths, including its competitive price, efficient and wide range of services, experience and qualifications of the Group's professional team, will increase the Group's competitiveness.

### INTELLECTUAL PROPERTY RIGHTS

The Group owns 4 registered trademarks in Hong Kong, details of which are set out under the paragraph headed "Intellectual property rights of the Group" in Appendix IV to this prospectus. The most valuable intellectual property of the Group is the "Roma" brand through which the Group markets and carries on its business. The Directors believe that the Group's future growth will be increasingly dependent on this brand. In addition, the Group has registered the domain name "[www.romagroup.com](http://www.romagroup.com)".

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### INSURANCE

The Group maintains proper insurance policies for the Group's operations, which cover risks including loss of damage to office properties, business interruption, money protection, personal accident, public liability, employees' compensation and liability compensation. The Group does and will continue to review these insurance policies annually to ensure that the coverage is adequate. During the Track Record Period, the Group's insurance expenses were approximately HK\$18,000, HK\$306,000 and HK\$167,000, or approximately 0.3%, 1.2% and 2.5% of the Group's employee benefit expense and other expenses for the two financial years ended 31 March 2011 and 2012, and the four months ended 31 July 2012 respectively.

The Group has also taken out professional indemnity insurance to cover its potential liability arising from professional negligence. Details of the terms of the professional indemnity insurance are set out in the paragraph headed "Limitation of liability of the Group" in this section.

As at the Latest Practicable Date, the Group had not been the subject of any material insurance claims. The Directors believe that the coverage from these insurance policies is adequate for the Group's present operations.

### PROPERTY

The Group has leased two properties in Hong Kong from an Independent Third Party. The Group does not own any real property. The following table sets out the address, approximate gross floor area and the term of the properties leased by the Group.

<u>Address</u>	<u>Particulars of occupancy</u>	<u>Approximate gross floor area (square feet)</u>	<u>Lease term</u>	<u>Annual rent (exclusive of rates, government rent, management fees and other outgoings)</u>	<u>Rent free period during the term of tenancy</u>
Unit 3806, 38th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong	Office	2,219	17 May 2010 to 16 May 2013	HK\$825,468	17 May 2010 to 16 June 2010
Unit 3807, 38th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong	Office	1,345	1 July 2012 to 16 May 2013	HK\$968,400	1 July 2012 to 7 July 2012

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Mr. Luk entered into a deed of guarantee effective from 17 May 2010 to provide a personal guarantee in favour of the Independent Third Party for the Group's due performance and observance of all the covenants and conditions under the tenancy agreement dated 18 May 2010 in relation to Unit 3806 of China Resources Building. The Group has received a confirmation from the Independent Third Party confirming that the personal guarantee given by Mr. Luk will be fully released and replaced by a corporate guarantee to be provided by the Company upon Listing.

### INTERNAL CONTROL

The Group places great emphasis on internal control because it is essential in enhancing its quality of service, building up reputation in the market and enhancing its clients' confidence. The Group has an internal control manual in place setting out the policies and guidelines, with emphasis on professional ethics, which all members and employees are required to strictly abide by. The Company filed its first Listing application in May 2011. Since September 2011, the Group has, in the course of its Listing application, been requested to address the Stock Exchange's concern on work quality and required a reasonable period to demonstrate the effectiveness of its internal control and work quality, which prolonged the Company's Listing application process. The Group has then implemented a number of measures as further described below, including its own best practice guidelines for natural resources related projects which are prepared based on international recognised standards and/or standards under the requirements of the Main Board Listing Rules or the GEM Listing Rules. The Directors and teamheads of the Group's professional team are responsible for the implementation of these policies and guidelines and they believe that such policies and guidelines can ensure the Group's ability (i) to carry out its business in an orderly, efficient and professional manner; (ii) to prevent leakage of confidential information; (iii) to safeguard the Group's and the clients' interests; and (iv) to comply with all applicable laws, regulatory requirements and relevant international recognised standards and/or standards under the requirements of the Main Board Listing Rules or the GEM Listing Rules, if applicable. The compliance function is performed by the designated compliance officer, namely Mr. Yue, who is an executive Director and reports directly to the Board. The compliance officer will be responsible for monitoring the Group's compliance with all applicable rules and regulations, including but not limited to the GEM Listing Rules, the SFO and Companies Ordinance, and also be responsible for enhancing and sustaining sound internal control of the Group. In order to closely monitor the internal control of the Group, the compliance officer will from time to time conduct various internal control activities including operations and system reviews to ensure the integrity, efficiency and effectiveness of the systems of control of the Group.

In particular, the Group has put the following principal guidelines and policies in place to address certain important internal control areas such as quality of service, conflict of interest and independence, confidentiality as well as dealings and investments:

#### Quality of services

In order to mitigate the risk arising from professional negligence, misconduct and fraudulent acts caused by the Group's employees and to ensure that all the Group's projects are performed with up-to-standard quality in accordance with the relevant standards and in order to limit its exposure to professional liability, the Group has adopted the relevant internal control measures including, *inter alia*, (i) assigning at least one person-in-charge for each project and ascertaining responsibilities of each team member; (ii) working records being properly prepared and filed under a standardised filing system to

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ensure all information necessary for conducting its works, including research, analysis, bases, assumptions and calculations being properly verified or justifiable with reasonable grounds; (iii) performing peer review by another teamhead and/or professional staff and/or independent professionals with relevant experience and/or qualification not involving in the project, depending on the complexity and nature of the relevant projects, on the working papers and reports for each project to ensure the quality of work and all projects being performed in accordance with the relevant standards; (iv) adopting standardised client information request list, report template for different valuation purposes or standards and valuation model template which control the process and in turn facilitate review of the whole process by the teamhead and the peer reviewer; (v) preparing project report sheet for each project by teamhead, which will be reviewed on a monthly basis and approved by an executive Director, for recording the progress of each project undertaken by the Group normally comprising various stages such as, among others, project research, site-visit, preparation and issue of reports in order to ensure revenue is being properly recognised based on the percentage-of-completion of each project; and (vi) implementing guidelines on handling price-sensitive and/or confidential information.

In view of the Stock Exchange's concern on the effectiveness of the Group's internal control and also its work quality, in addition to the above standard internal control procedures, the Group has adopted a number of measures in respect of natural resources related projects to enhance the quality of work and to ensure the work performed comply with industry standards including (i) the strengthening of the natural resources related professional team including the recruitment of Mr. Hodgson as principal geologist in September 2012, Mr. Jones as chief geologist in April 2012 and Mr. Mensah as senior geologist in December 2011; (ii) the adoption of the best practice guidelines for the preparation of Competent Person's Report and Natural Resources Valuation Report in November 2011 complying with the requirements under JORC Code or CIMVAL; (iii) the review of the Group's procedures (including the Group's best practice guidelines for natural resources related projects) by Mr. Jones and Mr. Mensah in the preparation of the Competent Person's Report and the Natural Resources Valuation Report to ascertain compliance with applicable standards including JORC Code or CIMVAL and the implementation by the Group in January 2012 of the recommended procedures suggested by Mr. Jones and Mr. Mensah including the inclusion of standard report template in the best practice guideline for Competent Person's Report and introduction of a checklist system for Competent Person's Report to be completed by the Competent Person and subsequently reviewed by the peer reviewer; and (iv) the peer review conducted to identify any error or omission in the Competent Person's Report with reference to the aforesaid checklist system to ensure compliance with the applicable standards, in particular, the main principles under JORC Code such as transparency, materiality, competence and use of plain language.

For every project when an independent professional is engaged by the Group to work alongside its professional team and being responsible for signing of the relevant reports, a vetting process will be carried out on all potential independent professionals before engagement during which the management will assess and determine the independence, suitability, competency, track records, reputations as well as relevant qualifications of those potential independent professionals for carrying out the specific work. In addition, the Group will designate its professional staff to conduct necessary research and valuation, while the independent professional or teamhead with relevant experience and qualification will supervise the work performed and review the draft valuation model and/or draft report prepared by the Group's professional team and also provide comments from a professional point of view. Another teamhead and/or professional staff with relevant experience and qualification not involving in the project will act as a peer reviewer on a project-by-project basis to conduct peer review on the draft valuation model and/or draft report prepared by the designated professional staff. The peer reviewer will also review and discuss

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the works prepared by the independent professional to ensure that they fully comply with the relevant professional standards and/or guidelines, and/or the Group's best practice guidelines for natural resources related projects, and to reduce the Group's exposure to the risks of professional liability. For each project, all the relevant documentations are kept by the Group in accordance with its internal control procedure. In order to enhance the professionalism and keep abreast of the updated market information, members of the Group's professional team are required to participate in monthly in-house trainings which cover, among others, updating the staff on the recent development in the valuation and consultancy industry and discussions on the technical knowledge in respect of natural resources valuation and technical advisory service. Such in-house trainings are mainly presented by the executive Directors, teamheads of the Group, Mr. Jones or Mr. Mensah.

In addition, the management will review the internal control procedures of the Group, in particular, (i) the filing system of the working records by reviewing a number of working record files on a selective basis; and (ii) the compliance with the Group's best practice guidelines for natural resources related projects being required in compliance with relevant international recognised standards and/or standards under the requirements of the Main Board Listing Rules or the GEM Listing Rules by the compliance officer at least once per year to ensure that the work performed and reports prepared by the Group are properly verified and justifiable with reasonable grounds with an aim to continuously providing high quality services to the clients. Besides, the Directors undertake that the Group will annually engage an independent professional geologist who is professionally qualified and a member in good standing of a Recognised Professional Organisation with at least 10 years mining related experience to conduct an annual review immediately after each financial year of the Group and the upcoming one will be conducted in or about April 2013, scope of which shall cover the assessment of the information and the adequacy and effectiveness of the implementation of the Group's best practice guidelines for natural resources related projects, the qualifications of the professional team including the geologists and the quality of work of projects and reports undertaken during the relevant financial year. The findings and recommendations of such review will be reported to the independent non-executive Directors. An independent professional geologist, who (i) is a member of the Australasian Institute of Mining and Metallurgy, (ii) has more than 20 years mining related experience, and (iii) issued and signed off technical reports and valuation reports which were prepared in compliance with JORC Code or VALMIN for public documents disclosed in the Australian Securities Exchange, has been engaged by the Group in January 2013 to conduct the upcoming review. The independent non-executive Directors will annually review the enforcement of (i) the Directors' undertaking that the Group will engage an independent professional geologist to review and report on the adequacy and effectiveness of the implementation of the Group's best practice guidelines for natural resources related projects annually subsequent to the Listing; (ii) the Directors' undertaking that the Group will maintain at least the same standard and quality of staff going forward as long as the Group continues to be in its current business; and (iii) Mr. Luk's undertaking that he will not participate as a co-author or peer reviewer of natural resources related projects of the Group going forward unless he demonstrates that he possesses mining-related academic qualifications and sufficient mining related experiences, and report the findings and recommendations, if any, in the Company's annual reports after Listing.

As a continuous development and further enhancement of the Group's quality control measures for, in particular, the natural resources valuation and technical advisory services, the Group has assembled the Panel and is planning to recruit two professional geologists and three geologist assistants with considerable experience and/or qualification in natural resources valuation and technical advisory services industry after the Listing. By leveraging on the experience and expertise of new professionals to

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be recruited after the Listing, the Group will form an internal peer review group specialised in natural resources related projects comprising the Group's professional staff, including geologists to further strengthen the peer review mechanism and in turn maintain the quality of its services.

The Directors believe that the above internal control measures adopted by the Group are adequate as these measures consist of comprehensive steps and procedures for ensuring that the relevant reports issued or signed off by the Group comply with relevant codes, rules and regulations. Furthermore, the Directors believe that the measures taken are effective as there have been no incidents which have arisen whereby reports prepared by the Group have not complied with relevant codes or rules or regulations or have been subject to scrutiny for lack of quality. In addition, in view of the issuance of, among others, two Competent Person's Reports and three Natural Resources Valuation Reports by the Group which were cleared by the Stock Exchange and included in the circulars of the Listed Companies since the adoption of the Group's best practice guidelines for natural resources related projects up to the Latest Practicable Date, the Directors consider that the Group's best practice guidelines for natural resources related projects encompassing the peer review system has been effectively implemented and the Group's work quality has been enhanced. The Directors also believe that aforesaid measures can enhance the quality of work following the industry standards so as to not only safeguard its reputation in the market and enhance its client's confidence, but also to minimise the Group's exposure to professional liability. In view of the above, in particular, the implementation of the aforesaid measures, the Directors and the Sponsor considered that the Stock Exchange's concern on the work quality has been addressed.

### **Conflict of interest and independence**

The Group's internal control manual sets out policies and guidelines to address the important issue and situation where personal interests of the Shareholders, the Directors, or the Group's employees compete or conflict with the interest of that of the Group or its clients, and provides the necessary guidance on how these situations should be dealt with or avoided in order to maintain the independence and professionalism of the Group in the conduct of its business.

### **Confidentiality**

The adherence of confidentiality is strictly enforced by the Group. The Group's internal control manual accentuates the allegiance expected of the Directors and the Group's employees concerning the Group and its clients. As a general rule, no information in respect of the affairs of the Group or its clients may be disclosed outside that of the Group at any time.

### **Dealing and investments**

To maintain the highest level of integrity, strict rules and policies have been established regarding dealings by the Directors and by the Group's employees on securities to safeguard the reputation and standing of the Group in the industry.

The Directors believe that the provision of valuation and technical advisory services by the Group requires a very high standard of care and professionalism. The Group generally performs due diligence reviews on its projects (including conducting public searches) in order to minimise any potential liability which may arise.

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The Directors are responsible for the execution of the above-mentioned internal control procedures. The Directors believe that the Group has in place sufficient internal control system to safeguard its operation and to minimise the risks that are associated with the businesses of the Group.

Prior to the Listing, the Group has procured ANDA CPA Limited to act as the Group's independent internal auditor at fixed fees with respect to the reviews of the Group's internal controls and financial reporting systems and the report of factual findings in relation to the Group's best practice guidelines for natural resources related projects, which have been undertaken in accordance with applicable standard issued by the Hong Kong Institute of Certified Public Accountants. ANDA CPA Limited is a Hong Kong professional accounting firm being registered in the Hong Kong Institute of Certified Public Accountants. In early 2011, it merged with another Hong Kong based professional accounting firm, and the combined firm operates under the ANDA brand. ANDA CPA Limited provides a wide range of integrated professional services including audit and assurance, accounting, taxation, corporate, and advisory services, and currently employs over 50 staff. ANDA CPA Limited is experienced in providing consultancy services in internal controls and performing independent review on internal controls system for companies listed on the Stock Exchange, applicant for IPO and private companies in Hong Kong, which included companies principally engaged in manufacturing, trading as well as information technology-related business. ANDA CPA Limited has no mining-related experience in providing consultancy services in internal controls. ANDA CPA Limited has acted as reporting accountants to a listed company in Hong Kong reporting on the financial information of a group of companies principally engaged in the production and distribution of natural gas in the PRC. Certain responsible team members, who involved in the abovementioned engagement of reporting accountants, also involved in the preparation of the report of factual findings in relation to the Group's best practice guidelines for natural resources related projects. Since the commencement of the Track Record Period and up to the Latest Practicable Date, two annual reviews and three follow-up reviews of the Group's internal controls and financial reporting systems were conducted. In preparing the aforesaid reviews and the report of factual findings, ANDA CPA Limited has applied procedures including, among others, (i) inquiry and analysis, (ii) recomputation, comparison and other clerical accuracy checks, (iii) observation, and (iv) inspection and performed, among others, walk-through tests and tests of controls, the sampling size of which was determined with reference to the frequency of occurrence of the relevant transactions or events of the Group. In the reviews, no internal control deficiency which is material to the Group's operation has been identified. With reference to the aforesaid procedures and work done performed by ANDA CPA Limited, in the capacity of the Group's independent internal auditor to perform independent reviews on the Group's internal controls and financial reporting systems and to prepare a report of factual findings in relation to the Group's best practice guidelines for natural resources related projects, the Company considered that ANDA CPA Limited does not necessarily possess any mining-related experience. The Sponsor is of the view that ANDA CPA Limited is competent to act as the Group's independent internal auditor to perform the abovementioned reviews and report of factual findings. In preparing the report of factual findings, ANDA CPA Limited has (i) obtained the Group's best practice guidelines for natural resources related projects and compared the suggested table of content and the suggested procedures therein, in principal, against the internationally recognised standards, including the JORC Code, NI 43-101, the SAMREC Code, CIMVAL, the SAMVAL Code and the VALMIN Code; (ii) obtained the samples of working files and compared the work done against the Group's best practice guidelines for natural resources related projects to check any discrepancy; and (iii) obtained the samples of reports and compared against the suggested table of content contained in the Group's best practice guidelines for natural resources related projects, no significant discrepancy between the table of contents of the reports prepared and work done conducted by the Group and those set out in the Group's best

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practice guidelines and internationally recognised standards for natural resources related projects has been identified. Following the reviews, the Group has enhanced its internal control measures based on the recommendations from the independent internal auditor. For instances, the Group did not properly document certain of its internal control policies in respect of areas such as assignment of authority and responsibility, and information system and communication in the past. The Group has then rectified and documented such policies. Besides, the Group did not properly maintain records in relation to staff appraisal and risk assessment of potential clients. The Group has then rectified and maintained proper records of staff appraisals and risk assessment of potential clients. A follow-up review by the independent internal auditor on the enhanced internal control measures has been completed. Taking into consideration the implementation of the aforesaid enhanced measures, the Directors and the Sponsor are satisfied that the Group has implemented appropriate and effective internal control measures and has no material internal control deficiency.

### NON-COMPLIANT INCIDENT

In its early stage of development, Roma Appraisals had only one staff responsible for internal book keeping and preparation of financial information and there was no segregation of duties. Due to errors related to certain accounting entries of Roma Appraisals including the cut off error and certain fund transfers between Roma Appraisals and its director as described below (the “**Errors**”), Roma Appraisals had previously filed a tax return by an ex-tax representative, an independent third party, to the Inland Revenue Department in June 2010 based on incorrect financial information which showed a loss of approximately HK\$0.3 million from the date of its incorporation to 31 March 2010. The Group did not continue the engagement of the ex-tax representative.

Along with the development of the Group, experienced staff have been recruited and assigned the responsibility for internal book keeping and preparation of financial information. Subsequently, during the review of the accounting records of the Group by its management and the staff, the management and the staff noted the Errors. Soon after Roma Appraisals discovered the discrepancies, it had appointed an independent accounting firm to assist in the preparation of the accounting records of Roma Appraisals in respect of the relevant period and asked its tax representative to prepare and file the revised tax returns to the Inland Revenue Department. After consultation with the independent accounting firm, the management of Roma Appraisals was of the view that the Errors were inadvertently made in the relevant accounting records. Roma Appraisals in fact made a profit before income tax of approximately HK\$2.4 million during such period. The discrepancies with the loss of approximately HK\$0.3 million based on incorrect financial information was attributable to (i) the cut off error of approximately HK\$1.7 million due to the variance resulted from using the cash basis of accounting internal book keeping instead of accrual basis of accounting in accordance with relevant accounting standard; and (ii) the fund transfer between Roma Appraisals and its director being inadvertently misinterpreted as revenue and expenses of approximately HK\$1.3 million, offsetting by underprovision of expenses of approximately HK\$0.3 million. The understated income tax liabilities amounted to approximately HK\$0.4 million, which have been fully provided for in the financial statements of Roma Appraisals and the Group.

Roma Appraisals then notified the Commissioner of Inland Revenue (the “**Commissioner**”) of the Errors and resubmitted an amended tax computations based on the revised financial information in May 2011. On 5 May 2011, based on the revised financial information and before receiving the revised notice(s) of assessment from the Inland Revenue Department, Roma Appraisals voluntarily paid a total sum of HK\$400,013 to the Inland Revenue Department as tax payable by Roma Appraisals for the years of assessment 2008/09 and 2009/10. On 26 July 2011, the Inland Revenue Department issued a revised

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notice of assessment for the years of assessment 2008/09 and 2009/10 respectively to Roma Appraisals stating that the tax payable for the year of assessment 2008/09 was HK\$26,266 and the tax payable for the year of assessment 2009/10 was HK\$373,747, amounting to a total tax payable by Roma Appraisals for the years of assessment 2008/09 and 2009/10 of HK\$400,013, which was the same amount paid by Roma Appraisals to the Inland Revenue Department on 5 May 2011.

The Company's legal advisers as to Hong Kong law have advised that having examined, among other things, sections 80, 82 and 82A of the Inland Revenue Ordinance, a written confirmation from Roma Appraisals confirming the sequence of events and the declarations from Mr. Luk and the Company's staff who noted the Errors, (a) the maximum penalty which may be imposed by the Inland Revenue Department on or payable by Roma Appraisals under sections 80(2) of the Inland Revenue Ordinance in relation to the Errors is a fine at level 3 (i.e. HK\$10,000) plus treble the amount of tax which has been undercharged as a result of the incorrect return, statement or information, or would have been so undercharged if the return, statement or information had been accepted as correct; (b) the maximum penalty which may be imposed by the Inland Revenue Department on or payable by Roma Appraisals under sections 82A of the Inland Revenue Ordinance in relation to the Errors is treble the amount of tax which has been undercharged as a result of the incorrect return, statement or information, or would have been so undercharged if the return, statement or information had been accepted as correct; and (c) there is a remote chance that Roma Appraisals and/or Mr. Luk (being the sole director and shareholder of Roma Appraisals at the relevant time) would be prosecuted by the Inland Revenue Department of a criminal offence under section 82 of the Inland Revenue Ordinance as a result of the Errors.

Under the Inland Revenue Ordinance, the potential maximum liability of Roma Appraisals in relation to the Errors estimated by the Company is approximately HK\$1.2 million. Since 26 July 2011 and up to the Latest Practicable Date, Roma Appraisals had not received any further notice or letter from the Inland Revenue Department regarding the Errors. Based on the current information available to the management of Roma Appraisals and the Group, the potential maximum liability of approximately HK\$1.2 million has not been provided in the financial statements of Roma Appraisals and the Group. Based on past experience of the tax representative of Roma Appraisals in dealing with cases concerning filing of incorrect returns, it has not come across situations where the client was prosecuted by the Inland Revenue Department of a criminal offence. The usual penalty imposed for such an incident is a fine. In this respect, the Controlling Shareholders have given an indemnity in favour of Roma Appraisals and the Group against such liability. For further details, please see the paragraph headed "Tax indemnity" in Appendix IV to this prospectus.

The Group has implemented a number of internal control measures to ensure all books and accounts are properly kept and to prevent incidents similar to that described above from happening in the future. The Group currently has two experienced staff who are responsible for internal book keeping and the preparation of financial information. They possess bachelor degrees in business administration and management, and accountancy respectively with five to eleven years' working experience in relation to the accounting field. They shall report directly to Mr. Yue, the chief financial officer of the Company. Mr. Yue, who was a business consultant to the Group from September 2009 until 6 January 2011 when he became the chief executive officer of Roma Appraisals, is responsible for reviewing the accounting records and financial information and supervision of the overall accounting practice of the Group. Mr. Yue was not involved in this incident as he was not participated in the operation of the Group until he was appointed as the chief executive officer of Roma Appraisals in January 2011. For

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further details of the background of Mr. Yue, please refer to the section headed “Directors, senior management and employees” in this prospectus. The Group has also adopted an internal control manual in respect of, among others, the financial reporting procedures. The Directors consider that these measures shall enhance the segregation of duties in the internal book keeping and preparation of financial information procedures and thereby ensuring that the financial information of the Group is properly prepared. The Group will continue to engage its current tax representative after Listing. Given (i) the recruitment of the two staff who has five to eleven years’ work experience in the accounting field; (ii) the recruitment of Mr. Yue, who is responsible for overall monitoring of financial management of the Group and has more than 19 years’ experience in accounting, auditing and corporate finance; (iii) the Group has adopted an internal control manual in respect of the financial reporting procedures; and (iv) the Group will continue to engage its current tax representative after Listing, the Directors consider that the Group has effective internal control in place to avoid future recurrence of incidents similar to the above non-compliant incident.

### LIMITATION OF LIABILITY OF THE GROUP

In order to limit the Group’s exposure to liability, it is a policy of the Group to include a mandatory exemption clause (the “**Exemption Clause**”) in all its mandates with clients restricting its liability to the amount of fees received by the Group under the relevant mandate.

The Company’s legal adviser as to Hong Kong law has advised that an exemption clause under a contract is governed by the Control of Exemption Clauses Ordinance (Chapter 71, the Laws of Hong Kong) (the “**Control of Exemption Clauses Ordinance**”). Section 3 of the Control of Exemption Clauses Ordinance provides, *inter alia*, that (1) whether a contract term can limit a person’s liability will depend on the reasonableness of such term as determined by the court; and (2) if a person seeks to restrict his liability to a specified sum of money by reference to a contract term, the court will have regard in particular to the following factors when determining the reasonableness:

- (a) the resources which the person could expect to be available to him for the purpose of meeting the liability should it arise; and
- (b) how far it was open to the person to cover himself by insurance.

The Group has taken out a professional indemnity insurance to cover its liability arising from professional negligence. Accordingly, this may become a factor to be considered by the court as to the reasonableness of the limitation.

The Exemption Clause seeks to modify the Group’s liability, either by total exclusion or by limitation. The Company’s legal adviser as to Hong Kong law further advised that the Control of Exemption Clauses Ordinance provides for the application of a “reasonableness test” in determining the validity of an exemption clause. In applying this “reasonableness test”, the court is provided with guidelines in the same ordinance (including (a) the strength of the bargaining positions of the parties relative to each other, taking into account (among other things) alternative means by which the customer’s requirements could have been met; (b) whether the customer received an inducement to agree to the term, or in accepting it had an opportunity of entering into a similar contract with other persons, but without having to accept a similar term; (c) whether the customer knew or ought reasonably to have known of the existence and extent of the term (having regard, among other things, to any custom of the

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trade and any previous course of dealing between the parties); (d) where the term excludes or restricts any relevant liability if some condition is not complied with, whether it was reasonable at the time of the contract to expect that compliance with that condition would be practicable; (e) whether the goods were manufactured, processed or adapted to the special order of the customer). The requirement of reasonableness for the purposes of the Control of Exemption Clauses Ordinance is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract (i.e., the mandate between the Group and its customers) was made. As such, the effectiveness of the Exemption Clause and the extent of protection provided by the Exemption Clause will be dependent on the specific circumstances of each project.

Pursuant to the terms of the Company's professional indemnity insurance policy (the "**Policy**"), the Company and the two operating subsidiaries, namely, Roma Appraisals and Roma Oil and Mining (collectively the "**Insured**") are the insured under the Policy.

However, the Policy will not cover (i) claims arising from or in connection with any financial, investment, legal, accounting or taxation advice provided by the Insured; (ii) claims arising from or contributed to depreciation (or failure to appreciate) in value of any investments, including but not limited to property, shares, securities, commodities, currencies, options and futures or derivative transactions, or as a result of any actual or alleged representation, advice, guarantee or warranty provided by or on behalf of the Insured as to the performance or characteristics of any such investment; and (iii) any guarantee, whether written or oral, regarding the financial return on any investment.

As the Group does not provide any financial, investment, legal, accounting or taxation advice nor give any guarantee, whether written or oral, regarding the financial return on any investment and all valuation of investments provided by the Group is made with reference to a specific valuation date without giving any representation, advice, guarantee or warranty on the potential of such investments, the Directors are of the view that the foregoing exclusions of insurance coverage will not have a material impact on the Group's risks relating to professional negligence.

### LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period, the Group had not experienced any: (i) material failure and/or damages of its computer system, computer hardware, network security and data storage; (ii) professional liability claims; (iii) misconduct of the Group's professional team and the independent professionals involved in the Group's projects and, to the Company's knowledge, loss of business reputation; (iv) failure to comply with relevant compliance standards; (v) material incident arising from leakage of information; and (vi) business disruption resulting from acts of God, acts of war, epidemics and other factors outside of the Group's control.

The Directors confirmed that to the best of their knowledge having made all reasonable enquiries, save as the Stock Exchange's concerns on the reports previously prepared by the Group as disclosed in the section headed "Risk factors" in this prospectus, the Group is not aware of any official complaints against the Group and/or any of its staff directly from any of its clients, the relevant regulatory bodies and authorities or the independent professionals involved in its projects regarding the quality of its work performed and/or report prepared and has not been rejected by any authorities for the works performed or reports prepared (including those published and/or submitted to the Stock Exchange for clearance in relation to notifiable transactions under the Main Board Listing Rules or the GEM Listing Rules) during the Track Record Period and up to the Latest Practicable Date.

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As at the Latest Practicable Date, the Group was not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim is known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on the Group's operation result of financial condition.

The Directors confirmed, and the legal advisers of the Company as to Hong Kong law have advised that, save for the filing of incorrect tax return to the Inland Revenue Department as disclosed in the paragraph headed "Non-compliant incident" in this section, (i) the operating subsidiaries of the Group, i.e. Roma Appraisals and Roma Oil and Mining, had obtained all licences, permits, certificates and/or approvals necessary to conduct their operations in Hong Kong, the jurisdiction where they operated, during the Track Record Period and up to the Latest Practicable Date; and (ii) to the best of their knowledge, information and belief having made all reasonable enquiries, the Group had complied with all the applicable laws, rules and regulations in Hong Kong, the jurisdiction where they operated, since commencement of the Track Record Period and up to the Latest Practicable Date in all material respects.