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ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8072)

**ANNOUNCEMENT OF THE THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2019**

The board of directors (the “**Directors**” and “**Board**”, respectively) of Roma Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries for the nine months ended 31 December 2019. This announcement, containing the full text of the 2019/20 third quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of third quarterly results.

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

Hong Kong, 11 February 2020

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

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

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

* For identification purpose only

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

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

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For the nine months ended 31 December 2019:

- Revenue was approximately HK\$54.9 million, representing an increase of approximately 27.6% as compared with that for the nine months ended 31 December 2018;
- Loss amounted to approximately HK\$4.1 million as compared to the loss of approximately HK\$11.3 million for the nine months ended 31 December 2018;
- Basic and diluted loss per share attributable to owners of the Company were HK3.41 cents; and
- No dividend has been declared.

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2019

The board (the "Board") of Directors announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the three months and nine months ended 31 December 2019 together with the relevant comparative unaudited/audited figures as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2019

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	3	15,107	13,018	54,864	42,993
Other income	4	1,048	1,370	6,216	3,814
(Decrease)/increase in fair value of investment property		-	-	(300)	462
Employee benefit expenses	5	(9,668)	(8,592)	(33,497)	(31,029)
Depreciation and amortisation	6	(2,218)	(1,270)	(6,864)	(3,766)
Finance costs	7	(743)	(658)	(2,316)	(1,863)
Other expenses		(7,963)	(7,270)	(21,929)	(20,517)
Loss before income tax expense		(4,437)	(3,402)	(3,826)	(9,906)
Income tax expense	8	(3)	(297)	(264)	(1,369)
Loss for the period attributable to owners of the Company		(4,440)	(3,699)	(4,090)	(11,275)
Other comprehensive income <i>Items that will not be reclassified to profit or loss</i>					
Change in the fair value of financial asset at fair value through other comprehensive income		-	-	(6,178)	87
Total comprehensive loss attributable to owners of the Company		(4,440)	(3,699)	(10,268)	(11,188)
			(restated)		(restated)
Basic and diluted loss per share attributable to owners of the Company (HK cents)	10	(3.70)	(3.01)	(3.41)	(8.45)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Share capital HK\$'000	Shares held for the share award plan (the "Plan") HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Investment at fair value through other comprehensive income ("FVOCI") HK\$'000	(Accumulated loss)/ Retained earnings HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	172,826	(26,241)	398,433	10	2,763	(11,474)	(2,615)	533,702
Loss for the period	-	-	-	-	-	-	(4,090)	(4,090)
Other comprehensive income								
Change in the fair value of the financial asset at FVOCI	-	-	-	-	-	(6,178)	-	(6,178)
Total comprehensive loss for the period	-	-	-	-	-	(6,178)	(4,090)	(10,268)
Transaction with owners, in their capacity as owners								
Recognition of share-based payment	-	-	-	-	2,116	-	-	2,116
At 31 December 2019 (unaudited)	172,826	(26,241)	398,433	10	4,879	(17,652)	(6,705)	525,550
At 1 April 2018 (audited)	199,994	-	410,059	10	-	-	98,631	708,694
- HKFRS 15 adjustment	-	-	-	-	-	-	(23,311)	(23,311)
- HKFRS 9 adjustment	-	-	-	-	-	556	(6,520)	(5,964)
At 1 April 2018 (adjusted)	199,994	-	410,059	10	-	556	68,800	679,419
Loss for the period	-	-	-	-	-	-	(11,275)	(11,275)
Other comprehensive income								
Change in the fair value of financial asset at fair value through other comprehensive income	-	-	-	-	-	87	-	87
Total comprehensive (loss)/income for the period	-	-	-	-	-	87	(11,275)	(11,188)
Transactions with owners, in their capacity as owners								
Shares repurchase	(27,168)	-	(11,626)	-	-	-	-	(38,794)
Recognition of share-based payment	-	-	-	-	2,763	-	-	2,763
Purchase of shares for the Plan	-	(26,241)	-	-	-	-	-	(26,241)
At 31 December 2018 (unaudited)	172,826	(26,241)	398,433	10	2,763	643	57,525	605,959

1. GENERAL

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

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

The unaudited condensed consolidated financial statements of the Group for the three months and nine months ended 31 December 2019 (the “Unaudited Condensed Consolidated Financial Statements”) were approved and authorised for issue by the Board on 11 February 2020.

2. BASIS OF PREPARATION

(a) Basis of preparation

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Companies Ordinance (Chapter 622 of laws of Hong Kong). In addition, the Unaudited Condensed Consolidated Financial Statements include applicable disclosures required by the GEM Listing Rules.

(b) Principal accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2019, except for the adoption of new and revised standards effective as of 1st April 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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In the current period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC) – Int 23	<i>Uncertainty over Income Tax Treatments</i>
Annual Improvements 2015–2017 Cycle	<i>Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23</i>

Except as described below, the application of the new and revised HKFRSs do not have a significant impact on the condensed consolidated financial statements of the Group.

HKFRS 16 – Leases

HKFRS 16 “Leases” (“HKFRS 16”) which will supersede HKAS 17 Leases and related interpretations, have been applied from 1 April 2019.

The Group has adopted HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability retrospectively from 1 April 2019, but has not restated comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

- (i) Adjustment recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 2.51%.

HKFRS 16 – Leases (Continued)

(i) Adjustment recognised on adoption of HKFRS 16 (Continued)

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application and accounted for those leases as short-term leases;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.





HKFRS 16 – Leases (Continued)

(i) Adjustment recognised on adoption of HKFRS 16 (Continued)

As a lessee, the Group’s leases are mainly rentals of offices. The right-of-use assets were measured at the amount equal to the lease liabilities and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	31 March 2019 As originally presented HK\$'000	Adoption of HKFRS 16 HK\$'000	1 April 2019 Restated (Unaudited) HK\$'000
Non-current assets			
Right-of-use assets	–	4,458	4,458
Current liabilities			
Lease liabilities	944	4,458	5,402
Non-current liabilities			
Lease liabilities	640	–	640

The lease liabilities as at 1 April 2019 reconciled to the operating leases commitments as at 31 March 2019 are shown as follows:

	HK\$'000 (unaudited)
Weighted average incremental borrowing rate as at 1 April 2019	2.51%
Operating lease commitments as at 1 April 2019	4,631
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020 and low-value assets	(173)
Add: Finance leases liabilities as of 31 March 2019	1,584
Leases liabilities as at 1 April 2019	6,042

HKFRS 16 – Leases (Continued)

- (ii) The Group's leasing activities and how these are accounted for

The Group's leases are mainly rentals of offices. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018/19 financial year, leases of office were classified as operating leases and the payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed payments (including in-substance fixed payments) and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,





HKFRS 16 – Leases (Continued)

(ii) The Group’s leasing activities and how these are accounted for (Continued)

- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(c) Basis of measurement

The Unaudited Condensed Consolidated Financial Statements have been prepared under the historical cost basis as modified by the revaluation of investment property, financial asset at FVOCI and financial asset at FVTPL which are carried at fair value.

(d) Functional and presentation currency

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

3. REVENUE

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

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Services fee income from provision of valuation and advisory services	6,689	7,934	30,412	26,175
Interest income from provision of financing services	7,012	5,084	19,658	16,818
Securities broking services	1,406	–	4,794	–
	15,107	13,018	54,864	42,993

4. OTHER INCOME

	For the three months ended 31 December		For the nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Reimbursement of expenses	79	75	412	401
Interest income	837	887	3,225	2,418
Rental income	54	45	138	60
Other marketing service income	75	75	2,438	225
Gain on disposal of fixed asset	–	277	–	277
Others	3	11	3	433
	1,048	1,370	6,216	3,814

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the three months ended 31 December		For the nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Wages and salaries	8,888	8,073	29,699	27,687
Contributions on defined contribution retirement plans	265	241	812	717
Share-based payment – equity settled	–	–	1,777	2,072
Other benefits	515	278	1,209	553
	9,668	8,592	33,497	31,029

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6. EXPENSES BY NATURE

	For the three months ended 31 December		For the nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Auditor's remuneration*	247	200	677	600
Amortisation of intangible assets	535	538	1,611	1,614
Consultancy fee*	3,938	1,297	5,952	2,719
Depreciation of property, plant and equipment	565	732	1,920	2,152
Depreciation of right-of-use assets	1,118	-	3,333	-
Exchange loss/(gain), net*	6	(9)	878	(37)
License application fee*	-	-	-	561
Marketing and business development expenses*	1,396	1,192	3,609	3,591
Impairment loss/(Reversal of impairment loss) on loans and interests receivable, net*	(4)	222	(12)	201
(Reversal of impairment loss)/ impairment loss on trade and other receivables, net*	(60)	(200)	1,047	(412)
Operating lease charges in respect of buildings*	138	1,261	379	3,372
Professional fee*	810	2,019	4,239	5,270
Share-based payment – equity settled (other eligible participant)*	-	-	339	691
Travelling expenses*	183	145	643	510

* These expenses are included in "other expenses" in the consolidated statement of comprehensive income.



7. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on bank borrowings	722	633	2,226	1,805
Interest on finance leases	21	25	90	58
	743	658	2,316	1,863

8. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The provision for Hong Kong profits tax was calculated at 16.5% of the estimated assessable profits for the reporting period (2018:16.5%).

	For the three months ended 31 December		For the nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax – Hong Kong				
Profits Tax				
Tax for the period	64	358	446	1,551
	64	358	446	1,551
Deferred tax				
Credit for the period	(61)	(61)	(182)	(182)
	3	297	264	1,369

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9. DIVIDEND

The Board does not declare the payment of any dividend for the nine months ended 31 December 2019 (2018: nil).



Valuation

10. LOSS PER SHARE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss				
Loss for the purpose of basic and diluted loss per share	4,440	3,699	4,090	11,275
	'000	'000	'000	'000
		(restated)		(restated)
Number of Shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (notes (a), (b) and (c))	120,020	122,823	120,020	133,423

Notes:

- (a) Weighted average of 120,020,000 Shares for the nine months ended 31 December 2019 derived from 2,700,408,000 Shares in issue as at 1 April 2019 after taking into account the effects of the share consolidation which was effective on 22 August 2019 and purchase of the Shares held for the Plan.

Weighted average of 120,020,000 Shares for the three months ended 31 December 2019 are derived from 135,020,415 Shares in issue as at 1 October 2019 after taking into account the effects of the purchase of Shares held for the Plan.

- (b) Weighted average of 133,423,000 Shares for the nine months ended 31 December 2018 (restated) are derived from 3,124,908,000 Shares in issue as at 1 April 2018 after taking into account the effects of the (i) shares repurchase of 124,500,000 Shares and 300,000,000 Shares, which were cancelled on 18 July 2018 and 18 October 2018, respectively, (ii) purchase of Shares held for the Plan and (iii) share consolidation which was effective on 22 August 2019.

Weighted average of 122,823,000 Shares for the three months ended 31 December 2018 (restated) are derived from 3,000,408,311 Shares in issue as at 1 October 2018 after taking into account the effects of the (i) shares repurchase of 300,000,000 Shares which were cancelled on 18 October 2018, (ii) purchase of Shares held for the Plan and (iii) share consolidation which was effective on 22 August 2019.

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



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BUSINESS REVIEW

During the nine months ended 31 December 2019, the Group's provision of valuation and advisory services contributed approximately 55.5% of the total revenue to the Group. The Group recorded an increase in revenue generated from the provision of valuation and advisory services of approximately 16.2% as compared with that for the nine months ended 31 December 2018. It was mainly attributable to the environmental, social and governance (the "ESG") reporting service having become a new key driver under the valuation and advisory services segment during the nine months ended 31 December 2019.

The Group aims to provide all-rounded and high quality service to its customers so as to sustain its growth. In addition, the Group always uses its best endeavours to explore various merger and acquisition opportunities and/or business collaboration to enhance its market presence in the valuation and advisory industry in Hong Kong.

The Group's provision of financing service contributed approximately 35.8% of the total revenue of the Group for the nine months ended 31 December 2019. The Group's interest income generated from provision of financing service for the nine months ended 31 December 2019 increased by approximately 16.9% as compared with that for the nine months ended 31 December 2018.

In addition, the Group's new segment, provision of securities broking service has started operation during the nine months ended 31 December 2019 and it contributed approximately 8.7% of the total revenue to the Group.

The Group has been continuously seeking different opportunities to broaden its income stream and the market presence.

The Group distributed discretionary bonus and granted share options under the share option scheme of the Company (the "Share Option Scheme") to certain staff during the nine months ended 31 December 2019 to retain high-calibre individuals for their continuous contribution to the Group. The Group always considers its professional teams as the most valuable asset of the Group and offers competitive remuneration package to attract and retain high-calibre individuals.

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SHARE CONSOLIDATION, CAPITAL REDUCTION AND SHARE SUB-DIVISION

On 22 July 2019, the Board proposed to implement a capital reorganisation involving share consolidation, capital reduction and share sub-division (the “Capital Reorganisation”). The Capital Reorganisation was approved by the shareholders of the Company (the “Shareholders”) at an extraordinary general meeting held on 20 August 2019. The share consolidation became effective on 22 August 2019, and every twenty of the then existing issued and unissued Shares with par value of HK\$0.064 each in the share capital of the Company was consolidated into one consolidated share of par value of HK\$1.28 each.

On 7 November 2019, the Board announced that (i) a copy of the order confirming the capital reduction and the share sub-division and the minutes approved by the Grand Court of the Cayman Islands containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised with respect to the capital reduction had been filed and duly registered with the Registrar of Companies in the Cayman Islands on 6 November 2019 (Cayman Islands time); and (ii) all the other conditions precedent for the implementation of the capital reduction and the share sub-division had been fulfilled. Accordingly, the capital reduction and the share sub-division became effective on 6 November 2019 (Cayman Islands time) or 7 November 2019 (Hong Kong time).

For further details of the Capital Reorganisation, please refer to the announcements of the Company dated 22 July, 20 August, 23 October and 7 November 2019 and its circular dated 25 July 2019.

FINANCIAL REVIEW

Revenue

For the nine months ended 31 December 2019, the Group recorded an increase of approximately 27.6% in revenue as compared with that for the nine months ended 31 December 2018. Such increase was mainly attributable to the increases in both the services fee income generated from provision of valuation and advisory services and interest income generated from provision of financing service. In addition, the new segment of securities broking service also contributed certain revenue during the nine months ended 31 December 2019.

The services fee income generated from provision of valuation and advisory services increased by approximately 16.2% to approximately HK\$30.4 million for the nine months ended 31 December 2019 from approximately HK\$26.2 million for the nine months ended 31 December 2018. Such increase was mainly attributable to the increased sales contributed from ESG reporting service for the nine months ended 31 December 2019.

The interest income generated from provision of financing service increased by approximately 16.9% to approximately HK\$19.7 million for the nine months ended 31 December 2019 from approximately HK\$16.8 million for the nine months ended 31 December 2018. The increase in interest income was mainly attributable to the expansion of loan portfolio during the nine months ended 31 December 2019 as compared with that for the nine months ended 31 December 2018.

In addition, the new segment of securities broking service has started operation and it has contributed approximately HK\$4.8 million revenue to the Group during the nine months ended 31 December 2019.

Other income

The Group's other income increased by approximately 63.0% for the nine months ended 31 December 2019 as compared with that for the nine months ended 31 December 2018. It was mainly attributable to the increases in other marketing service income and interest income.

Employee benefit expenses

Employee benefit expenses mainly consisted of wages and salaries, discretionary bonus, pension costs and other benefits to the staff and the Directors. The Group's employee benefit expenses increased by approximately 8.0% for the nine months ended 31 December 2019 as compared with those for the nine months ended 31 December 2018. The increase was mainly attributable to a rise of the headcounts which outweighed the impact of a drop of share-based payment. The Group always values the contribution of its professional and management teams and has distributed bonus and granted share options under the Share Option Scheme to certain staff during the nine months ended 31 December 2019 to retain high-calibre individuals for continuous contribution to the Group.

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Depreciation and amortisation

The Group recorded a significant increase in depreciation and amortisation of approximately 82.3% for the nine months ended 31 December 2019 as compared with those for the nine months ended 31 December 2018. It was mainly attributable to the additional depreciation of right-of-use assets during the nine months ended 31 December 2019 in accordance with the adoption of the newly effective HKFRS 16.

Finance costs

The Group's finance costs referred to interest expenses incurred for bank borrowings, finance lease liabilities and lease liabilities. During the nine months ended 31 December 2019, more finance costs were incurred due to (i) a higher loan interest rate with the bank borrowings amount remaining the same as compared with that for the nine months ended 31 December 2018 and; (ii) the interest on lease liabilities due to the adoption of HKFRS 16 during the nine months ended 31 December 2019.

Other expenses

The Group's other expenses increased by approximately 6.9% for the nine months ended 31 December 2019 as compared with those for the corresponding period in 2018. It was mainly attributable to the combined effect of (i) the decreases in operating lease charge and professional fee; and (ii) the increases in consultancy fee and exchange loss incurred during the nine months ended 31 December 2019.

Loss attributable to owners of the Company

Loss attributable to owners of the Company decreased by approximately 63.7% for the nine months ended 31 December 2019 as compared with that for the nine months ended 31 December 2018. It was mainly attributable to the combined effect of the increases in (i) the Group's total revenue derived from ESG reporting service and securities broking service; (ii) other income; (iii) employee benefit expense; and (iv) depreciation and amortisation for the nine months ended 31 December 2019.

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

On 31 October 2019, the Group granted a loan facility of HK\$5,000,000 at an interest rate of 36% per annum for a term of three months to a company, for which a guarantor executed a guarantee in favour of the Group. For further details, please refer to the Company's announcements dated 31 October 2019 and 15 November 2019.

USE OF PROCEEDS

The rights issue in 2017

In November 2017, the Company raised fund of net proceeds of approximately HK\$258.0 million from its rights issue of 1,874,944,986 Shares (the "RI Proceeds"). Up to the date of this report, approximately HK\$135.0 million of the RI Proceeds was utilised for granting of various loans, approximately HK\$27.0 million of the RI Proceeds was used for investment in potential business and approximately HK\$33.0 million of the RI Proceeds was used for the Group's general working capital, and the rest was kept as cash at licensed bank in Hong Kong. The proposed use and actual use of the RI Proceeds up to the date of this report are set as below.

	Proposed use of the RI Proceeds (HK\$ in million)	Actual use of the RI Proceeds up to date of this report (HK\$ in million)
Expansion of the Group's existing financing business	135.0	135.0
Investment in potential businesses	90.0	27.0
General working capital	33.0	33.0
Total	258.0	195.0

Note: The Company currently expects that the unutilised RI Proceeds will be used by 31 March 2020.

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FUTURE PROSPECTS

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

The Group obtained a licence from the Securities and Futures Commission of Hong Kong (the "SFC") under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") to carry out Type 1 regulated activity (dealing in securities) on 13 December 2018. It has started operation and has brought a positive effect on the Group's performance during the nine months ended 31 December 2019. In addition, the Group has entered into an agreement to conditionally agree to acquire the entire issued share capital of a company which is a corporation licensed by the SFC to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. The acquisition of the licensed corporation has been completed during the nine months ended 31 December 2019. Immediately after the completion of the acquisition, the Group has realised its aims to become an integrated securities house in Hong Kong providing a wide range of securities broking and related financial services in order to diversify the Group's existing revenue streams.

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

As at 31 December 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange, are as follows:

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

Name of Directors	The Company/ name of associated company	Capacity/nature of interests	Number of Shares held	Number of underlying Shares held	Approximate percentage of interests (Note 1)
Mr. Yue Kwai Wa Ken ("Mr. Yue")	The Company	Interest of controlled corporation/ Corporate interest	15,000,000 (Note 2)	-	11.11%
		Beneficial interest/ Personal interest	-	1,500,204 (Note 3)	1.11%
	Fast and Fabulous Company Limited ("Fast and Fabulous")	Trustee of Plan/ Others	15,000,000 (Note 2)	-	11.11%
Mr. Li Sheung Him Michael ("Mr. Li")	The Company	Beneficial interest	-	1,500,204 (Note 3)	1.11%



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Notes:

1. The percentage is calculated on the basis of the total number of issued 135,020,415 consolidated Shares as at 31 December 2019.
2. These 15,000,000 Shares were held by Fast and Fabulous, which was the trustee of the Plan of the Company adopted with effect from 22 June 2018. As the entire issued share capital of Fast and Fabulous was legally and beneficially owned by Mr. Yue, Mr. Yue was deemed to be interested in all the Shares in which Fast and Fabulous was interested by virtue of the SFO.
3. These represent the Shares to be issued and allotted by the Company upon exercise of the options granted under the Share Option Scheme (as defined in the section headed "Share Option Scheme" of this report).

Save as disclosed above, as at 31 December 2019, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2019, so far as the Directors are aware, the interests or short positions owned by the following persons (other than a Director or the chief executive of the Company) or entities in the Shares or underlying Shares, which were required: (a) to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO; or (b) to be recorded in the register of the Company required to be kept under section 336 of the SFO are as follows:

Long positions in the Shares and underlying Shares

Name of shareholders	Capacity/nature of interest	Number of issued Shares held	Number of underlying Shares held	Approximate percentage of interest (Note 1)
Fast and Fabulous	Trustee of Plan/ Others	15,000,000 (Note 2)	–	11.11%
Aperto Investments Limited ("Aperto") (Note 3)	Beneficial owner/ Personal interest	13,212,500	–	9.79%
Mr. Luk Kee Yan Kelvin ("Mr. Luk") (Note 3)	Interest of a controlled corporation/ Corporate interest	13,212,500	–	9.79%

Note 1: The percentage is calculated on the basis of the total number of issued 135,020,415 consolidated Shares as at 31 December 2019.

Note 2: These 15,000,000 Shares were held by Fast and Fabulous, which was the trustee of the Plan of the Company adopted with effect from 22 June 2018. As the entire issued share capital of Fast and Fabulous was legally and beneficially owned by Mr. Yue, Mr. Yue was deemed to be interested in all the Shares in which Fast and Fabulous was interested by virtue of the SFO.

Note 3: The entire issued share capital of Aperto was legally and beneficially owned by Mr. Luk. Mr. Luk was deemed to be interested in all the Shares held by Aperto by virtue of the SFO.

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Save as disclosed above and as at 31 December 2019, the Directors are not aware of any interests or short positions owned by any persons (other than a Director or the chief executive of the Company) or entities in the Shares or underlying Shares, which were required: (a) to be notified under Divisions 2 and 3 of Part XV of the SFO; or (b) to be recorded in the register of the Company required to be kept under section 336 of the SFO.

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

During the nine months ended 31 December 2019, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiries of all Directors by the Company, all Directors confirmed that they had complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the nine months ended 31 December 2019.

CORPORATE GOVERNANCE PRACTICES

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

During the nine months ended 31 December 2019, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules except the following deviation:

Code Provision A.2.1

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

During the nine months ended 31 December 2019 and up to the date of this report, Mr. Yue has been both the chairman of the Board (the “Chairman”) and the chief executive office of the Group (the “CEO”).

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

DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP’S BUSINESSES

None of the Directors or any entity connected with any Director had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group, to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party during the nine months ended 31 December 2019 or any time during the nine months ended 31 December 2019.

DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

During the nine months ended 31 December 2019 and up to the date of this report, none of the Directors or any of their respective close associates (as defined in the GEM Listing Rules), engaged in any business that competed or might compete with the businesses of the Group, or had any other conflict of interest with the Group.

CHANGE IN DIRECTORS’ INFORMATION

Subsequent to the date of 2019/2020 interim report of the Company, the change in directors’ information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below.

Pursuant to an announcement of the Company dated 24 January 2020, Mr. Wong Tat Keung has resigned as an independent non-executive Director, chairman of the audit committee of the Board (the “Audit Committee”) and a member of each of the remuneration committee of the Board (the “Remuneration Committee”) and the nomination committee of the Board (the “Nomination Committee”) with effect from 24 January 2020.

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Mr. Man Wai Lun, an independent non-executive Director, has been appointed as the chairman of the Audit Committee, a member of each of the Nomination Committee and Remuneration Committee with effect from 24 January 2020.

AUDIT COMMITTEE

The Audit Committee was established on 26 September 2011 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The terms of reference of the Audit Committee are available at the respective websites of the Company and the Stock Exchange. The major roles and functions of the Audit Committee are to review the financial systems of the Group; to review the accounting policies, financial positions and results, and financial reporting procedures of the Group; to communicate with external auditor; to assess the performance of internal financial and audit personnel; to review the risk management system and to assess the internal controls of the Group; and to provide recommendations and advice to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. The Company has adopted a whistleblowing policy in order to allow the employees or other stakeholders (such as suppliers and customers) of the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group.

The Audit Committee currently consists of three members, namely Mr. Ko Wai Lun Warren, Ms. Li Tak Yin and Mr. Man Wai Lun (the chairman of the Audit Committee), all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed the Unaudited Condensed Consolidated Financial Statements and this report.

By order of the Board

Roma Group Limited

Yue Kwai Wa Ken

*Executive Director, Chief Executive Officer,
Chairman and Company Secretary*

Hong Kong, 11 February 2020

As at the date of this report, the executive Directors are Mr. Yue Kwai Wa Ken (Chairman and Chief Executive Officer) and Mr. Li Sheung Him Michael; and the independent non-executive Directors are Mr. Ko Wai Lun Warren, Ms. Li Tak Yin and Mr. Man Wai Lun.

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