ROMA

Roma Group Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 8072

THIRD QUARTERLY REPORT 2018/2019

BUSINESS VALUATION · RESOURCE ESTIMATION · WORK OF ART VALUATION

NATURAL RESOURCES VALUATION & TECHNICAL ADVISORY SERVICES · RISK MANAGEMENT

MACHINERIES & EQUIPMENT VALUATION · FINANCIAL INSTRUMENTS VALUATION

BIOLOGICAL ASSET VALUATION · DUE DILIGENCE STUDIES · BUSINESS & INTANGIBLE ASSETS VALUATION

COMPLIANCE STUDIES FOR IPO · EXPLORATION PLANNING · PROPERTY VALUATION

PURCHASE PRICE ALLOCATION · PROJECT FEASIBILITY STUDIES

COMPETENT PERSON'S REPORT · ESG REPORTING SERVICES

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

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Roma Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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.

Financial Highlights

For the nine months ended 31 December 2018:

— Revenue was approximately HK$43.0 million, representing a decrease of approximately 10.1% as compared with that for the nine months ended 31 December 2017;

— Loss amounted to approximately HK$11.3 million as compared to the loss of approximately HK$1.4 million for the nine months ended 31 December 2017;

— Basic and diluted loss per share attributable to owners of the Company were HK0.40 cent; and

— No dividend has been declared.

Third Quarterly Results for the Nine Months Ended 31 December 2018

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 2018 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 2018

	Notes	For the three months ended 31 December **2018** HK$'000 (unaudited)	2017 HK$'000 (unaudited)	For the nine months ended 31 December **2018** HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Revenue	3	**13,018**	12,390	**42,993**	47,805
Other income	4	**1,370**	378	**4,276**	1,977
Employee benefit expenses	5	**(8,592)**	(7,664)	**(31,029)**	(28,188)
Depreciation and amortisation	6	**(1,270)**	(1,242)	**(3,766)**	(3,585)
Finance costs	7	**(658)**	(236)	**(1,863)**	(678)
Other expenses		**(7,270)**	(3,675)	**(20,517)**	(17,038)
(Loss)/profit before income tax expense		**(3,402)**	(49)	**(9,906)**	293
Income tax expense	8	**(297)**	(595)	**(1,369)**	(1,645)
Loss and total comprehensive loss for the period attributable to owners of the Company		**(3,699)**	(644)	**(11,275)**	(1,352)
Basic and diluted loss per share attributable to owners of the Company (HK cent)	10	**(0.15)**	(0.03)	**(0.40)**	(0.08)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2018

	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$'000	Revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2018 (audited)	**199,994**	**–**	**410,059**	**10**	**–**	**–**	**98,631**	**708,694**
— HKFRS 15 adjustment	–	–	–	–	–	–	(28,580)	(28,580)
— HKFRS 9 adjustment	–	–	–	–	–	556	(3,776)	(3,220)
At 1 April 2018 (adjusted)	**199,994**	**–**	**410,059**	**10**	**–**	**556**	**66,275**	**676,894**
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**	**55,000**	**603,434**
At 1 April 2017 (audited)	79,998	–	272,298	10	422	–	123,757	476,485
Right issue, net of expense	119,996	–	137,761	–	–	–	–	257,757
Loss and total comprehensive loss for the period	–	–	–	–	–	–	(1,352)	(1,352)
At 31 December 2017 (unaudited)	199,994	–	410,059	10	422	–	122,405	732,890

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 and financing services in Hong Kong.

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

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 11 February 2019.

2. BASIS OF PREPARATION

(a) Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the three months and nine months ended 31 December 2018 (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 and methods of computation used in preparing the Unaudited Condensed Consolidated Financial Statements are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2018, except the HKFRSs that the Group has applied for the first time in the current period as described below.

- HKFRS 15, Revenue from contracts with customers
- HKFRS 9, Financial instruments

(i) Impact and changes in accounting policies of application of HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 and the related clarification to HKFRS 15 (hereinafter referred to as "HKFRS 15") presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Such cumulative effect is adjusted to the opening retained earnings at 1 April 2018 and comparative information has not been restated. Furthermore, under the transition provision in HKFRS 15, the Group has applied the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and the related interpretations.

Previously, the Group's revenue arising from services fee income from provision of valuation and advisory services are recognised over time using "percentage of completion method". Under the transfer-of-control approach in HKFRS 15, revenue arising from services fee income will be recognised at a point of time when the valuation and advisory services are fully performed.

When the Group has a right to an amount of consideration that is unconditional (i.e. a receivable) before the valuation and advisory services are fully performed, it results in crediting to receipt in advance to the Group (the terminology "contract liability" under HKFRS 15 is presented as receipt in advance on the financial statements).

(ii) *Impact and changes in accounting policies of application on HKFRS 9 "Financial instruments"*

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" ("ECL") model for the impairment of financial assets.

(1) Classification and measurement of financial assets and financial liabilities:

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets ("AFS") and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The Group elected to present in other comprehensive income for the fair value changes of the equity investments previously classified as AFS, of which HK$25 million unquoted equity investments previously measured at cost less impairment under HKAS 39. This investment is not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$25 million were reclassified from AFS financial assets to financial asset at FVOCI. The fair value gains of approximately HK$0.6 million relating to this unquoted equity investments previously carried at cost less impairment were adjusted to revaluation reserve as at 1 April 2018.

(ii) Impact and changes in accounting policies of application on HKFRS 9 "Financial instruments" (Continued)

(2) Credit losses:

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing assessment of credit risk associated with a financial asset and therefore recognise ECLs earlier than under the incurred loss accounting model in HKAS 39.

The Group applies HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and accrued revenue.

In current period, the Group has elected to use the cumulative effect transition method for the adoption of HKFRS 9 with cumulative effect of initial application recognised in the opening balance of equity at 1 April 2018.

To measure the ECL, accrued revenue and trade receivables have been grouped based on shared credit risk characteristic. The accrued revenue relate to service income recognised but unbilled and have substantially the same risk characteristic as the trade receivables for the same types of services. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the expected loss rates for the accrued revenue.

For loans and interest receivable, the Group applies the general approach, which requires an amount equal to 12-month expected credit losses to be recognised as the loss allowance for the financial instrument if the credit risk on a financial instrument has not increased significantly since initial recognition and expected lifetime losses to be recognised if the credit risk on that financial instrument has increased significantly since initial recognition.

As a result of this change in accounting policy, the additional credit loss allowance of approximately HK$3.8 million has been recognised in retained earnings at 1 April 2018.

(iii) *Impact of standards issued but not yet applied by the Group*

HKFRS 16, 'Leases'

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard will affect primarily the accounting for the Group's operating leases. The interest expense on the lease liability and the depreciation expense on the right-of-use asset under HKFRS 16 will replace the rental charge under HKAS 17. The operating lease commitments as shown in off-balance sheet item will be replaced by "right-of-use asset" and "lease liability" in the condensed consolidated statement of financial position of the Group. Other than the above, the Group does not anticipate that the application of this standard will have material impact on the Unaudited Condensed Consolidated Financial Statements.

The standard will become mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

(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 and financial asset at FVOCI 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 Group, 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**	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Services fee income from provision of valuation and advisory services	**7,934**	8,993	**26,175**	33,687
Interest income from provision of financing services	**5,084**	3,397	**16,818**	14,118
	13,018	12,390	**42,993**	47,805

4. OTHER INCOME

	For the three months ended 31 December		For the nine months ended 31 December	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Reimbursement of expenses	**75**	197	**401**	533
Interest income	**887**	306	**2,418**	704
Rental income	**45**	–	**60**	–
Fair value gain of investment property	**–**	–	**462**	–
Gain on disposal of fixed asset	**277**	–	**277**	–
Others	**86**	(125)	**658**	740
	1,370	378	**4,276**	1,977

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the three months ended 31 December		For the nine months ended 31 December	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Wages and salaries	**8,073**	6,977	**27,687**	26,286
Contributions on defined contribution retirement plans	**241**	223	**717**	680
Share-based payment — equity settled	**–**	–	**2,072**	–
Other benefits	**278**	464	**553**	1,222
	8,592	7,664	**31,029**	28,188

6. EXPENSES BY NATURE

	For the three months ended 31 December		For the nine months ended 31 December	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Auditor's remuneration*	**200**	175	**600**	495
Amortisation of intangible assets	**538**	538	**1,614**	1,629
Consultancy fee*	**922**	463	**2,056**	1,235
Depreciation of property, plant and equipment	**732**	704	**2,152**	1,956
Exchange gain, net*	**(9)**	(200)	**(37)**	(390)
License application fee*	**–**	–	**561**	–
Marketing and business development expenses*	**1,192**	994	**3,591**	3,781
Impairment loss/(Reversal of impairment loss) on loans and interests receivable, net*	**222**	(1,905)	**201**	(1,623)
(Reversal of impairment loss)/impairment loss on trade and other receivables, net*	**(200)**	–	**(412)**	103
Operating lease charges in respect of buildings*	**1,261**	1,248	**3,372**	4,322
Share-based payment — equity settled (other eligible participant)*	**–**	–	**691**	–
Travelling expenses*	**145**	310	**510**	793

* These expenses are included in the line item of "Other expenses".

7. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest on bank borrowings	**633**	213	**1,805**	599
Interest on finance leases	**25**	23	**58**	79
	658	236	**1,863**	678

8. INCOME TAX EXPENSE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax — Hong Kong Profits Tax				
Tax for the period	**358**	595	**1,551**	1,901
Over-provision in respect of prior year	**–**	–	**–**	(256)
	358	595	**1,551**	1,645
Deferred tax				
Credit for the period	**(61)**	–	**(182)**	–
	297	595	**1,369**	1,645

9. DIVIDEND

The Board does not declare the payment of any dividend for the nine months ended 31 December 2018 (2017: nil).

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	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Loss				
Loss for the purpose of basic and diluted loss per share	**3,699**	644	**11,275**	1,352
	'000	'000	**'000**	'000
Number of Shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (notes (a), (b) and (c))	**2,456,452**	2,239,554	**2,826,343**	1,629,270

Notes:

(a) Weighted average of 2,826,343,000 Shares for the nine months ended 31 December 2018 are derived from 3,124,908,311 Shares issued as at 1 April 2018 after taking into account the effects of shares repurchase of 124,500,000 Shares and 300,000,000 Shares which were cancelled on 18 July 2018 and 18 October 2018 respectively and purchase of 300,000,000 Shares held for the Plan during nine months ended 31 December 2018.

Weighted average of 2,456,452,000 for three months ended 31 December 2018 are derived from 3,000,408,311 Shares issued as at 1 October 2018 after taking into account the effects of shares repurchase of 300,000,000 Shares which were cancelled on 18 October 2018 and purchase of 300,000,000 Shares held for the Plan.

(b) Weighted average of 2,239,554,000 and 1,629,270,000 Shares for the three months and nine months ended 31 December 2017 respectively are derived from 4,999,853,300 Shares issued as at 1 April and 1 October 2017 after taking into account the effects of the share consolidation being completed on 19 October 2017 and the rights issue of 1,874,944,986 rights Shares being completed on 17 November 2017.

(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 are higher than the average market price for Shares for both periods.

BUSINESS REVIEW

During the nine months ended 31 December 2018, the Group's provision of valuation and advisory services contributed approximately 60.9% of the total revenue of the Group. The Group recorded a decrease in revenue generated from the provision of valuation and advisory services of approximately 22.3% as compared with that for the nine months ended 31 December 2017. The Group always uses its best endeavours to explore various merger and acquisition opportunities and/or business collaboration to enhance its market presence in the valuation and advisory industry in Hong Kong.

The Group's provision of financing services contributed approximately 39.1% of the total revenue of the Group for the nine months ended 31 December 2018. The Group's interest income generated from provision of financing services for the nine months ended 31 December 2018 increased by approximately 19.1% as compared with that for the nine months ended 31 December 2017.

The Group has been continuously seeking for 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 during the nine months ended 31 December 2018 to retain and motivate high-caliber 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-caliber individuals.

FINANCIAL REVIEW

Revenue

For the nine months ended 31 December 2018, the Group recorded a decrease of approximately 10.1% in revenue as compared with that for the nine months ended 31 December 2017. Such a decrease was mainly attributable to the decreases in services fee income generated from provision of valuation and advisory services which outweighted the increase in interest income generated from provision of financing services.

The services fee income generated from provision of valuation and advisory services decreased by approximately 22.3% to approximately HK$26.2 million for the nine months ended 31 December 2018 from approximately HK$33.7 million for the nine months ended 31 December 2017. It was mainly attributable to the drop of average project contract sums amount outweighing the impact of the increase in number of projects generating revenue to the Group for the nine months ended 31 December 2018 as compared with that for the nine months ended 31 December 2017.

The interest income generated from provision of financing services increased by approximately 19.1% to approximately HK$16.8 million for the nine months ended 31 December 2018 from approximately HK$14.1 million for the nine months ended 31 December 2017. The increase in interest income was mainly attributable to the increase in number of loan principals during the nine months ended 31 December 2018 as compared with that for the nine months ended 31 December 2017.

Other income

The Group's other income increased by approximately 116.3% for the nine months ended 31 December 2018 as compared with that for the nine months ended 31 December 2017. Such an increase was mainly attributable to (i) the increase in the time deposits interest rates offered by the licensed bank to the Group; (ii) more pledged deposits placed in the licensed banks; (iii) fair value gain of investment property; and (iv) gain on disposal of motor vehicle during nine months ended 31 December 2018 as compared with those during nine months ended 31 December 2017.

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 10.1% for the nine months ended 31 December 2018 as compared with that for the nine months ended 31 December 2017. The increase was mainly attributable to share-based payment during the nine months ended 31 December 2018. The Group always values the contribution of its professional and management teams and has distributed bonus during the nine months ended 31 December 2018 to retain high-caliber individuals for continuous contribution to the Group.

Depreciation and amortisation

The Group recorded a slight increase of approximately 5.1% in depreciation and amortisation for the nine months ended 31 December 2018 as compared with that for the nine months ended 31 December 2017, which was mainly attributable to addition of leasehold improvement for the new office premises during the month of June 2017 which only had seven months impact during nine months ended 31 December 2017 whereas having nine months impact during nine months ended 31 December 2018.

Finance costs

The Group's finance costs referred to interest expenses incurred for bank borrowings and finance lease liabilities. During the nine months ended 31 December 2018, more finance costs were incurred due to additions of bank borrowings compared with those during nine months ended 31 December 2017.

Other expenses

The Group's other expenses increased by approximately 20.4% for the nine months ended 31 December 2018 as compared with that for the nine months ended 31 December 2017. Such an increase was mainly attributable to (i) recognition of share-based payment expenses for other eligible participants; and (ii) increase in impairment loss on loans and interests receivable during the nine months ended 31 December 2018 as compared with those for the nine months ended 31 December 2017.

Loss attributable to owners of the Company

Loss attributable to owners of the Company amounted to approximately HK$11.3 million for the nine months ended 31 December 2018 which increased by approximately HK$9.9 million as compared to the loss attributable to owners of the Company of approximately HK$1.4 million for the nine months ended 31 December 2017. The increase was mainly attributable to the decrease in the Group's total revenue of approximately HK$4.8 million and recognition of one-off non-cash expenses for share-based payment of approximately HK$2.8 million for the nine months ended 31 December 2018.

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

On 8 July 2015, the Group granted a loan facility of HK$58 million at an interest rate of 12% per annum for a term of one year (the "Loan A") to Brilliant One Holdings Limited which was executed with, among others, a share charge in favour of the Group to charge 310,850,000 shares of a company listed on GEM to the Group as security in connection with the Loan A. On 30 August 2016, the facility of Loan A was further increased to HK$62 million and was renewed for another year at the same interest rate with same number of pledged shares. As at 31 December 2018, such facility has been drawn up to approximately HK$61.8 million and matured. Follow-up works have been taken. For further details, please refer to the Company's announcements dated 8 July 2015 and 30 August 2016.

On 22 July 2015, the Group granted a loan of HK$10 million at an interest rate of 36% per annum for a term of one year (the "Loan B") to a company which was executed with, among others, share charge in favour of the Group to charge certain of its shares to the Group as security in connection with the Loan B. As at 31 December 2018, the Loan B matured. Legal proceeding against the customer to recover the entire outstanding balances is still in progress. For further details, please refer to the Company's announcement dated 22 July 2015.

On 13 April 2016, the Group granted a loan facility of HK$39.5 million at an interest rate of 10% per annum for a term of one year (the "Loan C") to a recurring client, who executed a share charge in favour of the Group to charge certain shares of a company listed on GEM to the Group as security in connection with the Loan C. As at 31 December 2018, the Loan C matured. Follow-up works have been taken. For further details, please refer to the Company's announcement dated 13 April 2016.

On 11 May 2016, the Group granted a loan facility of HK$31.6 million at an interest rate of 12% per annum for a term of one year (the "Loan D") to a recurring client, who executed a share charge in favour of the Group to charge certain shares of a company listed on GEM to the Group as security in connection with the Loan D. As at 31 December 2018, the Loan D matured. Follow-up works have been taken. For further details, please refer to the Company's announcement dated 11 May 2016.

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

USE OF PROCEEDS

The rights issue in 2014

In December 2014, the Company raised fund of net proceeds of approximately HK$280 million from its rights issue of 3,183,112,500 then Shares (the "2014 RI Proceeds"). Up to the date of this report, (i) HK$36.7 million of the 2014 RI Proceeds was paid for the acquisition of equity interest in Bonus Boost International Limited, which has a wholly-owned subsidiary principally involved in acting as a surveyor, valuer and property consultant; (ii) HK$25 million of the 2014 RI Proceeds was paid for the acquisition of a 19.9% equity interest in Greater China Appraisal Limited, which is principally engaged in the provision of assets appraisal services; and (iii) approximately HK$126.3 million of the 2014 RI Proceeds, being the entire portion intended to be used for the Group's provision of financing services, was utilised for granting of mortgage loans to independent third parties. The Group continues to look for suitable business opportunities to utilise the remaining portion of the 2014 RI Proceeds which was intended to apply for the funding and further development of the existing and future businesses of the Group. As at 31 December 2018, such unutilised net proceeds were kept as cash at and placed as bank deposits with licensed banks in Hong Kong.

The rights issue in 2017

In November 2017, the Company raised fund of net proceeds of approximately HK$258 million from its rights issue of 1,874,944,986 Shares (the "2017 RI Proceeds"). Up to the date of this report, approximately HK$135.0 million of the 2017 RI Proceeds was utilised for granting of various loans, approximately HK$15.0 million of the 2017 RI Proceeds was used for investment in potential business and approximately HK$33.0 million of the 2017 RI Proceeds was used for the Group's general working capital, and the rest was kept as cash at licensed bank in Hong Kong. Proposed use and actual use of the 2017 RI Proceeds are set as below.

	Proposed use of the 2017 RI Proceeds (HK$ in million)	**Actual use of the 2017 RI Proceeds up to date of this report** (HK$ in million)
Expansion of the Group's existing financing business	135.0	135.0
Investment in potential businesses	90.0	15.0
General working capital	33.0	33.0
Total	258.0	183.0

FUTURE PROSPECTS

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

In addition, in order to diversify the Group's revenue streams, the Group has obtained a license 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 on Type 1 regulated activity (i.e. dealing in securities) on 13 December 2018. Moreover, the Group has entered into an agreement to conditionally agree to acquire 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. For further details of this acquisition, please refer to the announcement of the Company dated 21 December 2018.

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 2018, 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	300,000,000 (Note 2)	–	11.11%
		Beneficial interest	–	30,004,083 (Note 3)	1.11%
	Fast and Fabulous Company Limited ("Fast and Fabulous")	Trustee of Plan	300,000,000 (Note 2)	–	11.11%
Mr. Li Sheung Him Michael ("Mr. Li")	The Company	Beneficial interest	–	30,004,083 (Note 3)	1.11%

Notes:

1. The percentage is calculated on the basis of the total number of issued Shares as at 31 December 2018.

2. These 300,000,000 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 2018, 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.

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was conditionally approved by the Shareholders on 26 September 2011 and became effective on the Listing Date. Options comprising 120,016,332 underlying Shares, were granted under the Share Option Scheme on 15 August 2018. The closing price of the Shares immediately before the date on which the options were granted was HK$0.088 per Share.

Details of the options granted under the Share Option Scheme, their movements during the nine months ended 31 December 2018 and the options outstanding as at 31 December 2018 were as follows:

	Number of the Shares comprised in the options granted							
	As at 1 April 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2018	Exercise period and vesting period	Subscription price per Share HK$
Name of Directors								
Mr. Yue	–	30,004,083	–	–	–	30,004,083	Note	0.0904
Mr. Li	–	30,004,083	–	–	–	30,004,083	Note	0.0904
Employees and other eligible participants	–	60,008,166	–	–	–	60,008,166	Note	0.0904
	–	120,016,332	–	–	–	120,016,332		

Note: The options granted under the Share Option Scheme could be exercised at the exercise price of HK$0.0904, which was not lower than the highest of (a) the closing price of HK$0.086 per Share as stated in the daily quotations sheet issued by the Stock Exchange on 15 August 2018 (i.e. the date of grant); (b) the average closing price of HK$0.0904 per Share as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of grant; and (c) the nominal value of HK$0.064 per Share. The exercise period should commence on the date of grant (i.e. 15 August 2018) and end on 14 August 2020.

Save as disclosed above, no options were granted or exercised or cancelled or lapsed during the nine months ended 31 December 2018.

SHARE AWARD PLAN

On 22 June 2018, the Company adopted the Plan in which the Group's employees (whether full time or part time, but exclude directors) will be entitled to participate. For the nine months ended 31 December 2018, a sum of approximately HK$26,241,000 has been used to acquire 300,000,000 Shares from the market by the trustee of the Plan. No Shares have been granted to eligible employees under the Plan up to the date of this report.

The objectives of the Plan are to (i) recognise and reward the contribution of certain employees to the growth and development of the Group through an award of Shares and to give incentive thereto in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group.

The Plan shall be subject to the administration of the Board and the trustee in accordance with the plan rules and the trust deed of the Plan. Subject to any early termination as may be determined by the Board, the Plan shall be valid and effective for a term of 10 years commencing from its adoption date (i.e. 22 June 2018).

The maximum number of Shares to be subscribed for and/or purchased by the trustee by applying the trust fund of the Plan for each calendar year for the purpose of the Plan shall not exceed 10% of the total number of issued Shares as at the beginning of such calendar year. The Directors shall not instruct the trustee to subscribe and/or purchase any Shares for the purpose of the Plan when such subscription and/or purchase will result in the said limit being exceeded. The maximum number of Shares which may be awarded to a selected employee under the Plan shall not exceed 1% of the total number of issued Shares from time to time.

Details of the Plan were set out in the announcements of the Company dated 22 June 2018 and 10 July 2018.

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

As at 31 December 2018, 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) 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	300,000,000 (Note 2)	–	11.11%
Aperto Investments Limited ("Aperto") (Note 3)	Beneficial owner	264,250,000	–	9.79%
Mr. Luk Kee Yan Kelvin ("Mr. Luk") (Note 3)	Interest of a controlled corporation	264,250,000	–	9.79%

Note 1: The percentage is calculated on the basis of the total number of issued Shares as at 31 December 2018.

Note 2: These 300,000,000 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.

Save as disclosed above and as at 31 December 2018, 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) 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 2018, the Company repurchased a total of 424,500,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK$38.8 million.

Details of the shares repurchase are as follows:

Date	Total number of shares repurchased	Price per share Highest	Price per share Lowest	Approximate aggregate consideration
		HK$	HK$	HK$'000
July 2018	124,500,000	0.097	0.095	11,986
October 2018	300,000,000	0.089	0.087	26,808

All of the repurchased shares were cancelled.

Save as above, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries repurchase or sell any of the Company's listed securities during the nine months ended 31 December 2018.

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 2018.

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 2018, 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 2018 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 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 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the nine months ended 31 December 2018 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.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") was established on 26 September 2011 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The 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. Wong Tat Keung (being the chairman of the Audit Committee), all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed the 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 2019

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