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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Roma Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purpose only

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2014:

- Revenue increased to approximately HK\$32.4 million, representing an increase of approximately 72.4% as compared with that for the six months ended 30 September 2013;
- Profit for the period increased to approximately HK\$6.8 million, representing an increase of approximately 64.9% as compared with that for the six months ended 30 September 2013;
- Basic earnings per share attributable to the ordinary equity holders of the Company was HK0.04 cents;
- Diluted earnings per share attributable to the ordinary equity holders of the Company was HK0.04 cents; and
- No dividend was declared.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 September 2014 together with the comparative unaudited figures for the corresponding periods in 2013 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2014

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	3	18,526	10,105	32,441	18,822
Other income	5	767	741	1,232	934
Cost of inventories sold		(677)	(38)	(997)	(38)
Employee benefit expenses	6	(6,822)	(4,699)	(12,944)	(8,344)
Depreciation and amortisation	7	(429)	(98)	(819)	(278)
Finance costs	8	(263)	(6)	(476)	(22)
Other expenses		(5,384)	(3,314)	(9,675)	(5,807)
Profit before income tax expense	7	5,718	2,691	8,762	5,267
Income tax expense	9	(1,194)	(568)	(1,927)	(1,123)
Profit and total comprehensive income for the period attributable to owners of the Company		4,524	2,123	6,835	4,144
			(restated)		(restated)
Earnings per share					
— Basic (HK cents)	11	0.03 cents	0.01 cents	0.04 cents	0.03 cents
— Diluted (HK cents)	11	0.03 cents	0.01 cents	0.04 cents	0.02 cents

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

		30 September 2014	31 March 2014
	Notes	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		5,202	3,149
Intangible assets		312	368
Loans receivable	12	4,313	4,914
		9,827	8,431
Current assets			
Inventories		143	592
Loans receivable	12	25,573	5,512
Trade receivables	13	12,946	23,120
Prepayments, deposits and other receivables	14	10,220	11,786
Tax recoverable		368	1,184
Pledged bank deposits		51,115	39,793
Cash and bank balances		29,053	23,842
		129,418	105,829
Current liabilities			
Trade payables	15	298	335
Accrued liabilities, receipt in advance and other payables	16	8,433	7,661
Finance lease liabilities	17	864	349
Bank borrowings	18	30,260	30,242
Current tax liabilities		3,918	2,807
		43,773	41,394
Net current assets		85,645	64,435
Total assets less current liabilities		95,472	72,866

		30 September 2014	31 March 2014
	Notes	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current liabilities			
Finance lease liabilities	17	2,836	1,137
Bank borrowing	18	691	826
		<u>3,527</u>	<u>1,963</u>
Net assets		<u>91,945</u>	<u>70,903</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	16,977	8,026
Reserves		74,968	62,877
Total equity		<u>91,945</u>	<u>70,903</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Share option reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000
At 1 April 2014 (audited) (note 19(a) & (b))	8,026	25,989	10	1,071	35,807	70,903
Bonus issue (note 19(c))	8,026	(8,026)	–	–	–	–
Shares issue on placing (note 19(d)), net of expenses	925	13,099	–	–	–	14,024
Equity-settlement share-based payment	–	–	–	183	–	183
Transactions with owners	8,951	5,073	–	183	–	14,207
Profit and total comprehensive income for the period	–	–	–	–	6,835	6,835
At 30 September 2014 (unaudited)	<u>16,977</u>	<u>31,062</u>	<u>10</u>	<u>1,254</u>	<u>42,642</u>	<u>91,945</u>
At 1 April 2013 (audited)	8,000	25,320	10	174	15,776	49,280
Equity-settlement share-based payment	–	–	–	454	–	454
Transactions with owners	–	–	–	454	–	454
Profit and total comprehensive income for the period	–	–	–	–	4,144	4,144
At 30 September 2013 (unaudited)	<u>8,000</u>	<u>25,320</u>	<u>10</u>	<u>628</u>	<u>19,920</u>	<u>53,878</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. Its principal place of business is located at Unit 3806, 38th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The principal activity of the Company is investment holding. The major activities of the subsidiaries of the Company are provision of valuation and advisory services and financing services in Hong Kong.

The Company's immediate and ultimate parent is Aperto Investments Limited (incorporated in the British Virgin Islands).

The shares of the Company (the "Share(s)") were listed on GEM by way of placing on 25 February 2013.

2. BASIS OF PREPARATION

(a) Basis of preparation and accounting policies

This unaudited condensed consolidated financial information for the three months and six months ended 30 September 2014 ("Interim Financial Information") has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the GEM Listing Rules.

The Interim Financial Information does not include all of the information and disclosures required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which comprises all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2014.

Except as for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Company's financial year beginning on 1 April 2014, the accounting policies applied in preparing this Interim Financial Information are consistent with those of the annual financial statements for the year ended 31 March 2014, as described in the annual financial statements. The Directors anticipate that the application of these new and revised HKFRSs will not have material impact on the Interim Financial Information of the Group.

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

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

In preparing the Interim Financial Information, the significant judgements made by the Company's management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2014.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

3. REVENUE

The Group’s principal activities are provision of valuation and advisory services. The Group commenced other businesses, such as provision for financing services, in the third quarter of the financial year ended 31 March 2014.

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

	For the three months ended 30 September		For the six months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Services fee income from provision of valuation and advisory services	16,342	10,057	28,869	18,774
Interest income from provision of financing services	1,406	–	2,419	–
Others	778	48	1,153	48
	<u>18,526</u>	<u>10,105</u>	<u>32,441</u>	<u>18,822</u>

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive Directors. During the year ended 31 March 2014, the Group established, among others, new business segments, resulting in a change in composition of reportable operating segments. The executive Directors have identified the Group’s product and service lines as reportable operating segments as follows:

- (i) Valuation and advisory services;
- (ii) Financing services; and
- (iii) All other segments — trading of wines and others.

Corresponding items of segment information for the six months ended 30 September 2013, during which the executive Directors considered the Group had one reportable operating segment, have been restated for consistent presentation with current period’s segment information.

(a) **Business segments**

For the six months ended 30 September 2014 (unaudited)

	Valuation and advisory services HK\$'000	Financing services HK\$'000	All other segments HK\$'000	Total HK\$'000
Segment revenue (<i>note (i)</i>)	<u>28,869</u>	<u>2,419</u>	<u>1,153</u>	<u>32,441</u>
Segment results (<i>note (ii)</i>)	<u>11,643</u>	<u>1,599</u>	<u>100</u>	<u>13,342</u>
Other segment information				
Depreciation	63	–	24	87
Amortisation	78	–	–	78
Impairment of other receivables	200	–	–	200
Income tax expense	1,700	201	26	1,927
Additions to non-current assets (excluding financial instruments)	46	–	–	46
Segment assets (as at 30 September 2014)	22,322	30,638	1,187	54,147
Segment liabilities (as at 30 September 2014)	<u>(11,263)</u>	<u>(868)</u>	<u>(75)</u>	<u>(12,206)</u>

For the six months ended 30 September 2013 (unaudited) (restated)

Segment revenue (<i>note (i)</i>)	<u>18,774</u>	<u>–</u>	<u>48</u>	<u>18,822</u>
Segment results (<i>note (ii)</i>)	<u>8,337</u>	<u>(246)</u>	<u>(93)</u>	<u>7,998</u>
Other segment information				
Depreciation	37	–	–	37
Amortisation	78	–	–	78
Income tax expense	1,123	–	–	1,123
Additions to non-current assets (excluding financial instruments)	109	–	–	109
Segment assets (as at 31 March 2014)	34,881	11,211	923	47,015
Segment liabilities (as at 31 March 2014)	<u>(9,660)</u>	<u>(309)</u>	<u>(350)</u>	<u>(10,319)</u>

Notes:

- (i) Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both periods.
- (ii) The accounting policies of the operating segments are same as the Group's accounting policies described in note 2. Segment result represents the profit earned or the loss incurred by each segment without allocation of corporate income and central administrative costs. This is the measure reported to the chief operating decision-maker for the purpose of resources allocation and performance assessment.

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

	For the six months ended 30 September 2014 HK\$'000 (unaudited)	For the six months ended 30 September 2013 HK\$'000 (unaudited) (restated)
Profit before income tax expense		
Reportable segment profit	13,342	7,998
Unallocated interest income	444	2
Unallocated employee benefit expenses	(1,816)	(1,856)
Unallocated depreciation	(654)	(163)
Unallocated finance costs	(476)	(22)
Unallocated other expenses	(2,078)	(692)
	<u>8,762</u>	<u>5,267</u>
Consolidated profit before income tax expense	<u>8,762</u>	<u>5,267</u>
	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Assets		
Reportable segment assets	54,147	47,015
Unallocated property, plant and equipment	4,627	2,533
Unallocated pledged bank deposits	51,115	39,793
Unallocated cash and bank balances	29,053	23,842
Unallocated corporate assets	303	1,077
	<u>139,245</u>	<u>114,260</u>
Consolidated total assets	<u>139,245</u>	<u>114,260</u>
Liabilities		
Reportable segment liabilities	(12,206)	(10,319)
Unallocated finance lease liabilities	(3,700)	(1,486)
Unallocated bank borrowings	(30,951)	(31,068)
Unallocated corporate liabilities	(443)	(484)
	<u>(47,300)</u>	<u>(43,357)</u>
Consolidated total liabilities	<u>(47,300)</u>	<u>(43,357)</u>

(c) **Geographical segment information**

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

(d) **Information about major customer**

For the six months ended 30 September 2013 and 2014, none of the customers contributed 10% or more of the revenue of the Group.

5. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
Reimbursement of expenses	249	590	314	777
Bank interest income	235	2	444	2
Others	283	149	474	155
	<u>767</u>	<u>741</u>	<u>1,232</u>	<u>934</u>

6. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the three months ended 30 September		For the six months ended 30 September	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
Wages and salaries	6,256	4,142	11,888	7,484
Contributions on defined contribution retirement plans	160	90	314	166
Share-based payment compensation-equity settled	82	260	183	453
Other benefits	324	207	559	241
	<u>6,822</u>	<u>4,699</u>	<u>12,944</u>	<u>8,344</u>

7. PROFIT BEFORE INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
Profit before income tax expense is arrived at after charging:				
Auditor's remuneration	167	105	284	209
Depreciation of property, plant and equipment	390	59	741	200
Amortisation of intangible assets	39	39	78	78
Impairment of other receivables	200	–	200	–
Exchange loss, net	1	1	9	4
Consultancy fee	808	46	1,587	455
Operating lease charges in respect of buildings	1,351	1,065	2,616	1,559

8. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
Interest on bank borrowings repayable within five years	199	–	399	–
Interest on finance leases	64	6	77	22
	263	6	476	22

9. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the period.

	For the three months ended 30 September		For the six months ended 30 September	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
Current tax — Hong Kong Profits Tax Tax for the period	1,194	568	1,927	1,123

10. DIVIDENDS

The Board does not declare any payment of dividend for the six months ended 30 September 2014 (2013: nil).

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	For the three months ended 30 September		For the six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Earnings				
Earnings for the purpose of basic and diluted earnings per share	<u>4,524</u>	<u>2,123</u>	<u>6,835</u>	<u>4,144</u>
	'000	'000 (restated)	'000	'000 (restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share (note (a))	<u>16,353,230</u>	16,000,000	<u>16,198,185</u>	16,000,000
Effect of dilutive potential ordinary shares: — share options (notes (b) & (c))	<u>—</u>	<u>1,071,574</u>	<u>—</u>	<u>1,059,447</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>16,353,230</u>	<u>17,071,574</u>	<u>16,198,185</u>	<u>17,059,447</u>

Notes:

- (a) Weighted average of 16,353,230,000 and 16,198,185,000 ordinary shares are derived from 16,051,600,000 ordinary shares issued as at 1 July 2014 and 8,025,800 ordinary shares issued as at 1 April 2014 after taking into account the effect of bonus issue being completed on 23 May 2014 respectively and the placing of 925,000,000 shares completed on 1 September 2014. (2013 (restated): 800,000,000 ordinary shares, being the number of shares in issue throughout the respective periods ended 30 September 2014 after taking into account the effects of share subdivision being effective on 6 March 2014 and bonus issue being completed on 23 May 2014).
- (b) As at 30 September 2014, the Company's share options carried no dilutive effect on the basic earnings per share of the Company.
- (c) Weighted average of 1,071,574,000 and 1,059,447,000 ordinary shares deemed to be issued at no consideration as if the Company's share options have been exercised for the three months and the six months ended 30 September 2013 respectively.

12. LOANS RECEIVABLE

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Mortgage loans	16,900	2,847
Other loans	12,986	7,579
	<hr/>	<hr/>
Gross loans receivable	29,886	10,426
Current portion included in current assets	(25,573)	(5,512)
	<hr/>	<hr/>
Amounts due after one year included in non-current assets	4,313	4,914
	<hr/> <hr/>	<hr/> <hr/>

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The loans receivable as at 30 September 2014 charged interests at contract rates ranging 12.5%–31.2% per annum (31 March 2014: 13.2%–31.2%).

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

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

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Current	25,573	5,512
1 to 5 years	1,984	3,316
Over 5 years	2,329	1,598
	<hr/>	<hr/>
	29,886	10,426
	<hr/> <hr/>	<hr/> <hr/>

The ageing analysis of loans receivable based on the loan draw down date at the end of reporting period is as follows:

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
0 to 30 days	2,855	665
31 to 60 days	5,544	1,026
61 to 90 days	1,679	2,943
91 to 180 days	14,964	5,792
181 to 360 days	4,844	–
	<hr/>	<hr/>
	29,886	10,426
	<hr/> <hr/>	<hr/> <hr/>

Loans receivable that were neither past due nor impaired related to a wide range of customers that have good track records with the Group.

Loans receivable that were past due but not impaired relate to customers that have good track records with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13. TRADE RECEIVABLES

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

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
0 to 30 days	5,553	12,847
31 to 60 days	1,228	1,530
61 to 90 days	1,679	5,163
91 to 180 days	822	119
181 to 360 days	2,366	1,950
Over 360 days	1,298	1,511
	<u>12,946</u>	<u>23,120</u>

Trade receivables that were past due but not impaired related to a number of independent customers that had a good track record of credit with the Group. At the end of each reporting periods, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. Based on past credit history, management believes that no impairment loss is necessary in respect of trade receivables that were past due but not impaired as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral as security or other credit enhancement over the trade receivables.

The table below reconciles the impairment loss of trade receivables for the period:

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
At the beginning of reporting period	250	–
Impairment loss recognised	<u>–</u>	<u>250</u>
At the end of reporting period	<u>250</u>	<u>250</u>

The Group recognised impairment loss based on the accounting policy as set out in the annual financial statements for the year ended 31 March 2014.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Accrued revenue	7,312	8,697
Prepayments	1,619	996
Deposits and other receivables	1,289	2,093
	<u>10,220</u>	<u>11,786</u>

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

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
At the beginning of reporting period/year	1,493	–
Impairment loss recognised	200	1,493
At the end of reporting period/year	<u>1,693</u>	<u>1,493</u>

The Group recognised impairment loss based on the accounting policy as set out in the annual financial statements for the year ended 31 March 2014.

15. TRADE PAYABLES

At the end of the reporting period, the Group was granted by its suppliers credit periods ranging from 0 to 30 (2013: 0 to 30) days. The ageing analysis of the trade payables based on invoice date at the end of reporting period is as follows:

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
0 to 30 days	4	–
91 to 180 days	–	42
181 to 360 days	1	–
Over 360 days	293	293
	<u>298</u>	<u>335</u>

16. ACCRUED LIABILITIES, RECEIPT IN ADVANCE AND OTHER PAYABLES

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Accrued liabilities and other payables	1,954	1,218
Receipt in advance	<u>6,479</u>	<u>6,443</u>
	<u>8,433</u>	<u>7,661</u>

17. FINANCE LEASE LIABILITIES

The Group leased 3 motor vehicles as at 30 September 2014 (31 March 2014: 2). The leases of motor vehicles were classified as finance lease as the rental period amounted to the estimated useful economic life of the assets concerned and the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

As at 30 September 2014

	Minimum lease payments HK\$'000 (unaudited)	Interest HK\$'000 (unaudited)	Present value HK\$'000 (unaudited)
Not later than one year	978	114	864
Later than one year and not later than five years	<u>2,992</u>	<u>156</u>	<u>2,836</u>
	<u>3,970</u>	<u>270</u>	<u>3,700</u>

As at 31 March 2014

	Minimum lease payments HK\$'000 (audited)	Interest HK\$'000 (audited)	Present value HK\$'000 (audited)
Not later than one year	395	46	349
Later than one year and not later than five years	<u>1,198</u>	<u>61</u>	<u>1,137</u>
	<u>1,593</u>	<u>107</u>	<u>1,486</u>

The present value of future lease payments are analysed as:

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Current liabilities	864	349
Non-current liabilities	<u>2,836</u>	<u>1,137</u>
	<u>3,700</u>	<u>1,486</u>

18. BANK BORROWINGS

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Current		
Interest bearing		
— bank borrowings due for repayment within one year (<i>notes (a) & (b)</i>)	30,260	30,242
Non-current		
Interest bearing		
— bank borrowing (<i>note (b)</i>)	691	826
	30,951	31,068

Notes:

- (a) The bank borrowing of HK\$30,000,000 (unaudited) (31 March 2014: HK\$30,000,000) was secured by bank deposits of HK\$51,115,000 (unaudited) (31 March 2014: HK\$39,793,000) placed by the Company and a subsidiary in the bank. Interest is charged at Hong Kong Inter-bank Offered Rate + 2% (31 March 2014: Hong Kong Inter-bank Offered Rate + 2%).
- (b) The bank borrowing of HK\$951,000 (unaudited) (31 March 2014: HK\$1,068,000) was secured by guarantee from the executive Directors. Interest is charged at 0.55% (31 March 2014: 0.55%) per month.

The banking facility of one of the loans is subject to the fulfillment of covenants relating to minimum requirement of pledge bank deposits and compliance of the bank's administrative requirements, as are commonly found in lending arrangements with financial institutions in Hong Kong. If the subsidiary was to breach the covenants, the drawn down facility would become repayable on demand. In addition, one of the subsidiary's loan agreements contains clauses which give the lender the right at the lender's sole discretion to demand immediate repayment at any time irrespective of whether the subsidiary has complied with the covenants and met the scheduled repayment obligations. The relevant loan balance was included in current liabilities.

At the end of the reporting period, total current and non-current bank borrowings were scheduled to repay as follows:

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
On demand or within one year	30,260	30,242
More than one year, but not exceeding two years	297	279
More than two years, but not exceeding five years	394	547
	30,951	31,068

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

The Group regularly monitors the compliance with these covenants and the scheduled repayments of the loan and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the subsidiary continues to meet these requirements. As at 30 September 2014, none of the covenants relating to drawn down facilities had been breached.

19. SHARE CAPITAL

- (a) Pursuant to the share subdivision being effective on 6 March 2014, the authorised share capital of the Company of HK\$80,000,000 was divided into 80,000,000,000 subdivided shares, of which 8,000,000,000 subdivided shares was issued and fully paid. After the share subdivision, each of the existing issued and unissued shares of par value of HK\$0.01 each in the share capital of the Company was subdivided into ten subdivided shares of par value of HK\$0.001 each.
- (b) In March 2014, the issued share capital of the Company was increased by approximately HK\$26,000, comprising 25,800,000 shares of HK\$0.001 each, due to the exercise of share options by certain Directors. The Shares issued in March 2014 in relation to share options exercised have the same rights as other ordinary Shares in issue.
- (c) Pursuant to the bonus issue being completed on 23 May 2014, a total of 8,025,800,000 bonus shares were issued on the basis of one bonus share for every existing Share as at 15 May 2014.
- (d) Pursuant to the placing of Shares being completed on 1 September 2014, a total of 925,000,000 placing Shares were issued at HK\$0.0155 per placing Share.

20. EVENTS AFTER THE REPORTING PERIOD

- (a) Pursuant to the announcement and circular of the Company dated 26 August 2014 and 6 November 2014 respectively, the Board proposed a share consolidation on the basis that every 16 issued and unissued shares of HK\$0.001 each in the Company's share capital be consolidated into one consolidated share of HK\$0.016 each (the "Consolidated Share"). The share consolidation is conditional upon, among other things, the approval by the shareholders of the Company (the "Shareholders") at an extraordinary general meeting to be held on 24 November 2014.
- (b) Pursuant to the announcement and circular of the Company dated 20 October 2014 and 6 November 2014 respectively, the Company proposed to raise approximately HK\$286.5 million, before expenses, by way of rights issue of 3,183,112,500 rights shares at a price of HK\$0.09 per rights share on the basis of three rights shares for every one Consolidated Share held on the record date, which was expected to be 3 December 2014. The rights issue is conditional upon, among other things, the abovementioned share consolidation having become effective and the approval by the independent Shareholders at an extraordinary general meeting to be held on 24 November 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has made a concerted effort to further penetrate into the market of provision of valuation and advisory services in Hong Kong in recent years. Besides, the Group has committed to strengthening its professional teams to provide its clients high quality services in various aspects. The Group increased the number of full-time staff from 41 as at 30 September 2013 to 52 as at 30 September 2014, which resulted an increase of approximately 55.1% in its employee benefit expenses during the six months ended 30 September 2014 as compared with that for the six months ended 30 September 2013. By serving clients' needs with the Group's professional and high quality services, the brand of "ROMA" has been well established in the market in Hong Kong and thus increasing trend of revenue has been noted. During the six months ended 30 September 2014, the Group's services fee income from the provision of valuation and advisory services increased by approximately 53.8% as compared with that for the six months ended 30 September 2013.

In the current financial year, the Group has a plan to advance and grow its provision of financing services. During the six months ended 30 September 2014, the Group has commenced expanding its loan portfolio. On 2 May 2014, the Group has granted a mortgage loan in an amount of HK\$10.5 million at an interest rate of 22% per annum to an independent third party for a term of one year. Further details of such mortgage loan were disclosed in the Company's announcements dated 5 May 2014 and 16 May 2014. Subsequent to the six months ended 30 September 2014, legal proceeding is being undertaken by the Group for the outstanding balances due from the borrower.

On 1 September 2014, the Company completed the placing of 925,000,000 Shares to not less than six places at the placing price of HK\$0.0155 per placing Share (the "Placing"). The net proceeds from the Placing, after deducting the placing commission and other related expenses payable by the Company, are approximately HK\$14.0 million, which are intended to be used for the Group's provision of financing services. On 10 October 2014, the Group has utilised part of the aforesaid net proceeds of approximately HK\$14.0 million and granted two mortgage loans in an aggregate amount of HK\$12.5 million to an independent third party. The first loan referred to a principal amount of HK\$3 million at an interest rate of 0.915% per month for a term of 180 months and the second loan referred to a principal amount of HK\$9.5 million at an interest rate of 1.5% per month for a term of one year. Further details of these two mortgage loans were disclosed in the Company's announcement dated 10 October 2014.

On 26 August 2014, having considered the trading prices of the Shares, the Board proposed a share consolidation on the basis that every 16 issued and unissued Shares of HK\$0.001 each in the Company's share capital be consolidated into one consolidated share of HK\$0.016 each in order to comply with the trading requirement of the GEM Listing Rules. The share consolidation is conditional upon, among other things, the approval by the Shareholders at an extraordinary general meeting to be held on 24 November 2014. Further details of the share consolidation were disclosed in the Company's announcement and circular dated 26 August 2014 and 6 November 2014 respectively.

FINANCIAL REVIEW

Revenue

The Group's revenue significantly increased to approximately HK\$32.4 million for the six months ended 30 September 2014 from approximately HK\$18.8 million for the six months ended 30 September 2013, representing an increase of approximately 72.3%.

In the second half of the financial year ended 31 March 2014, the Group commenced the business of provision of financing services. During the six months ended 30 September 2014, interest income generated from provision of financing services amounted to approximately HK\$2.4 million. Save for such new source of income stream, the Group experienced a significant increase of approximately 53.8% in the services fee income from provision of valuation and advisory services for the six months ended 30 September 2014 as compared with that for the six months ended 30 September 2013. During the six months ended 30 September 2014, the Group has also provided, among others, property related agency service and service of preparation and issue of credit reports, which contributed revenue of approximately HK\$2.2 million to the Group. Besides, the total number of new valuation and technical advisory projects being engaged during the six months ended 30 September 2014 increased to about 370, which contributed revenue of approximately HK\$19.2 million to the Group for the corresponding period, from about 260, which contributed revenue of approximately HK\$14.8 million in the six months ended 30 September 2013.

Other income

The Group's other income increased to approximately HK\$1.2 million for the six months ended 30 September 2014 from approximately HK\$0.9 million for the six months ended 30 September 2013, representing an increase of approximately 33.3%. Such increase was mainly attributable to interest income earned by the Group from time deposits in a bank.

Employee benefit expenses

Employee benefit expenses mainly consisted of wages and salaries, pension costs and other benefits to the staff and the Directors. Employee benefit expenses significantly increased to approximately HK\$12.9 million for the six months ended 30 September 2014 from approximately HK\$8.3 million for the six months ended 30 September 2013, representing an increase of approximately 55.4%, which was mainly attributable to an increase in the Group's headcount to support its expanded operations, including the provision of financing services and advisory services.

Depreciation and amortisation

The Group recorded depreciation and amortisation of approximately HK\$0.3 million and HK\$0.8 million for the six months ended 30 September 2013 and 2014 respectively, for its property, plant and equipment and intangible assets.

Other expenses

Other expenses significantly increased to approximately HK\$9.7 million for the six months ended 30 September 2014 from approximately HK\$5.8 million for the six months ended 30 September 2013, representing an increase of approximately 67.2%. Such an increase in other expenses was mainly attributable to increases in (i) the Group's total rental expenses; (ii) the Group's consultancy fees paid/payable to independent professionals engaged by the Group to carry out certain valuation and technical advisory services to the clients; and (iii) the Group's professional fees incurred for corporate actions for the six months ended 30 September 2014 as compared with those for the six months ended 30 September 2013.

Profit attributable to owners of the Company

Profit attributable to owners of the Company increased to approximately HK\$6.8 million for the six months ended 30 September 2014 from approximately HK\$4.1 million for the six months ended 30 September 2013, representing an increase of approximately 65.9%. The significant increase in the Group's employee benefit expenses and rental expenses partially offset the significant increase in the Group's revenue for the six months ended 30 September 2014.

FUTURE PROSPECTS

The Group intends to expand its existing valuation and technical advisory services through acquisitions of existing businesses in the industry if and when suitable opportunities arise. The Directors acknowledge the need for the Group to build up its war chest for investment first before it could embark on any negotiations with any serious seller and/or investee companies, thus, on 20 October 2014, the Company proposed to raise approximately HK\$286.5 million, before expenses, by way of rights issue of 3,183,112,500 rights shares at a price of HK\$0.09 per rights share on the basis of three rights shares for every one Consolidated Share held on the record date, which was expected to be 3 December 2014 (the "Rights Issue") in order to strengthen its capital base. The Company intends to allocate approximately HK\$131.9 million of the net proceeds from the Rights Issue for possible acquisitions of businesses.

Apart from the provision of valuation and technical advisory services, the Directors also consider that the provision of financing services is a good profit contributor to the Group taking into account the existing relatively small size of the loan portfolio and yet the reasonable return generated therefrom. In view of the growing demand for the Group's financing services particularly for mortgage loans and the relatively high value of properties in general in the Hong Kong market, the Directors are of the view that it would be in the interests of the Company and its Shareholders to expand into the business of provision of financing services. The Company intends to allocate approximately HK\$126.3 million of the net proceeds from the Rights Issue for funding the growth in loan portfolio and other operating expenses.

For the balance of approximately HK\$22.0 million of the net proceeds from the Rights Issue, it is intended to be used for general working capital of the Group. The Rights Issue is conditional upon, among other things, the Company's proposed share consolidation having become effective and the approval by the independent Shareholders at an extraordinary general meeting to be held on 24 November 2014. Further details of the Rights Issue were disclosed in the Company's announcement and circular dated 20 October 2014 and 6 November 2014 respectively.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2014, the Group mainly financed its operations with its own working capital, bank borrowings, finance leases and net proceeds from the Placing. As at 31 March 2014 and 30 September 2014, the Group had net current assets of approximately HK\$64.4 million and HK\$85.6 million respectively, including cash and bank balances of approximately HK\$23.8 million and HK\$29.1 million respectively. The Group's pledged bank deposits of approximately HK\$39.8 million and HK\$51.1 million as at 31 March 2014 and 30 September 2014 respectively represented cash at bank held by the Group and pledged for a bank borrowing. The Group's current ratio increased from approximately 2.56 as at 31 March 2014 to approximately 2.96 as at 30 September 2014. Such increase was mainly attributable to the increase in pledged bank deposits as at 30 September 2014 as a result of the net proceeds from the Placing.

The Group's total bank borrowings amounted to approximately HK\$31.1 million and HK\$31.0 million as at 31 March 2014 and 30 September 2014 respectively. The Group's total finance lease liabilities amounted to approximately HK\$1.5 million and HK\$3.7 million as at 31 March 2014 and 30 September 2014 respectively. The Group's gearing ratio was approximately 45.9% and 37.7% as at 31 March 2014 and 30 September 2014 respectively.

COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK\$4.1 million and HK\$2.3 million as at 31 March 2014 and 30 September 2014 respectively. As at 30 September 2014, the Group did not have any significant capital commitments (31 March 2014: nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 19 to the Interim Financial Information of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed above and in the prospectus of the Company dated 31 January 2013, the Group did not have other plans for material investments and capital assets.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2014 (31 March 2014: nil).

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 September 2014, the Group's exposure to currency risk was limited to its bank balances denominated in Renminbi ("RMB") as majority of the Group's transactions, monetary assets and liabilities are denominated in HK\$ and United States Dollars ("US\$"). In the event that RMB appreciates by 3% against HK\$, the Group's profit for the six months ended 30 September 2014 will increase by approximately HK\$0.9 million (31 March 2014: HK\$0.9 million). On the contrary, if RMB depreciates by 3% against HK\$, the Group's profit for the six months ended 30 September 2014 will decrease by approximately HK\$0.9 million (31 March 2014: HK\$0.9 million). As US\$ is pegged to HK\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. The Group will continue to monitor its foreign currency exposure closely.

TREASURY POLICIES

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

PLEDGE OF ASSETS

As at 30 September 2014, save for the pledged bank deposits, the Group did not pledge any of its assets (31 March 2014: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2013 and 30 September 2014, the Group employed a total of 41 and 52 full-time employees respectively. The Group's total employee benefit expenses were approximately HK\$8.3 million and HK\$12.9 million for the six months ended 30 September 2013 and 2014 respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses were offered to those staff with outstanding performance and share options were granted to attract and retain eligible employees to contribute to the Group.

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

During the six months ended 30 September 2014, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiries of all Directors, each of them confirmed that he had complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the six months ended 30 September 2014.

CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30 September 2014, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules except the following deviation:

Code Provision A.2.1

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

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

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 September 2014.

INTERESTS OF THE COMPLIANCE ADVISER

As at 30 September 2014, as notified by the Company's compliance adviser, Quam Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 29 January 2013, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 26 September 2011. The major roles and functions of the Audit Committee are to review the financial systems of the Group; to review the accounting policy, financial position 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 assess the internal controls of the Group and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. During the six months ended 30 September 2014, the Company adopted a whistleblowing policy in order to allow the employees or other stakeholders (such as suppliers and customers) of the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

The Audit Committee currently consists of three members, namely Mr. Chan, Ka Kit (chairman of the Audit Committee), Mr. Ko, Wai Lun Warren and Mr. Lou, Ming, all being independent non-executive Directors. On 7 August 2014, Mr. Lou, Ming has been appointed as a member of the Audit Committee. Mr. Ng, Simon resigned as a member of the Audit Committee with effect from 8 August 2014. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed the interim report, including the unaudited consolidated results of the Group for the six months ended 30 September 2014.

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

Hong Kong, 12 November 2014

As at the date of this announcement, the executive Directors are Mr. Luk, Kee Yan Kelvin and Mr. Yue, Kwai Wa Ken, and the independent non-executive Directors are Mr. Chan, Ka Kit, Mr. Ko, Wai Lun Warren and Mr. Lou, Ming.

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 Company's website at www.romagroup.com.