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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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016

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 (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 three months ended 30 June 2016:

- Revenue increased to approximately HK\$24.9 million, representing an increase of approximately 2.2% as compared with that for the three months ended 30 June 2015;
- Profit for the period decreased to approximately HK\$7.4 million, representing a decrease of approximately 15.1% as compared with that for the three months ended 30 June 2015;
- Basic and diluted earnings per share attributable to the ordinary equity holders of the Company were HK0.15 cents; and
- No dividend was declared.

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2016

		For the three months ended 30 June	
	Notes	2016	2015
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	24,926	24,391
Other income	4	1,191	1,414
Employee benefit expenses	5	(8,245)	(7,650)
Depreciation and amortisation	6	(1,003)	(965)
Finance costs	7	(375)	(224)
Other expenses		(7,384)	(6,157)
		<hr/>	<hr/>
Profit before income tax expense	6	9,110	10,809
Income tax expense	8	(1,696)	(2,078)
		<hr/>	<hr/>
Profit and total comprehensive income for the period attributable to owners of the Company		7,414	8,731
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
— Basic (HK cents)	10	0.15	0.21
		<hr/> <hr/>	<hr/> <hr/>
— Diluted (HK cents)	10	0.15	0.20
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2016

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2016 (audited)	79,998	272,298	10	1,345	101,585	455,236
Profit and total comprehensive income for the period	—	—	—	—	7,414	7,414
At 30 June 2016 (unaudited)	<u>79,998</u>	<u>272,298</u>	<u>10</u>	<u>1,345</u>	<u>108,999</u>	<u>462,650</u>
At 1 April 2015 (audited)	67,906	260,162	10	1,211	64,998	394,287
Exercise of share options	508	3,265	—	—	—	3,773
Transactions with owners	508	3,265	—	—	—	3,773
Profit and total comprehensive income for the period	—	—	—	—	8,731	8,731
At 30 June 2015 (unaudited)	<u>68,414</u>	<u>263,427</u>	<u>10</u>	<u>1,211</u>	<u>73,729</u>	<u>406,791</u>

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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 issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules. The accounting policies adopted in the unaudited condensed consolidated financial statements for the three months ended 30 June 2016 are consistent with those adopted in the Group's audited consolidated financial statements for the year ended 31 March 2016.

(b) Basis of measurement

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

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

3. REVENUE

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

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

	For the three months ended 30 June	
	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)
Services fee income from provision of valuation and advisory services	15,814	16,837
Interest income from provision of financing services	9,112	7,554
	<u>24,926</u>	<u>24,391</u>

4. OTHER INCOME

	For the three months ended 30 June	
	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)
Reimbursement of expenses	435	667
Interest income	326	443
Others	430	304
	<u>1,191</u>	<u>1,414</u>

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the three months ended 30 June	
	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)
Wages and salaries	7,511	7,045
Contributions on defined contribution retirement plans	224	206
Other benefits	510	399
	<u>8,245</u>	<u>7,650</u>

6. PROFIT BEFORE INCOME TAX EXPENSE

	For the three months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	163	200
Depreciation of property, plant and equipment	443	379
Amortisation of intangible assets	560	586
Exchange (gain)/loss, net	(160)	68
Consultancy fee	2,014	455
Reversal of impairment loss on loans and interests receivable	(11)	(38)
Reversal of impairment loss on trade and other receivables	(109)	–
Operating lease charges in respect of buildings	1,135	1,322

7. FINANCE COSTS

	For the three months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	332	196
Interest on finance leases	43	28

8. INCOME TAX EXPENSE

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

	For the three months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax		
Tax for the period	1,795	2,078
Over-provision in respect of prior year	(99)	–

9. DIVIDENDS

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

10. 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 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>7,414</u>	<u>8,731</u>
	'000	'000
Number of Shares		
Weighted average number of ordinary Shares for the purpose of basic earnings per share (<i>notes (a) and (b)</i>)	4,999,853	4,253,208
Effect of dilutive potential ordinary Shares:		
— share options (<i>notes (c) and (d)</i>)	<u>—</u>	<u>25,945</u>
Weighted average number of ordinary Shares for the purpose of diluted earnings per share	<u>4,999,853</u>	<u>4,279,153</u>

Notes:

- (a) The number of ordinary Shares was 4,999,853,300 as at both dates of 1 April and 30 June 2016.
- (b) Weighted average of 4,253,208,000 ordinary Shares for the three months ended 30 June 2015 was derived from 4,244,150,000 ordinary Shares issued as at 1 April 2015 after taking into account the effect of the exercise of share options by an executive director and certain employees of the Group during the period.
- (c) As at 30 June 2016, it was assumed that no share option holder would exercise any outstanding share options as the exercise prices of those options were higher than the average market price of the Shares.
- (d) As at 30 June 2015, weighted average of 25,945,000 ordinary Shares deemed to be issued at no consideration as if the Company's share options had been exercised.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the three months ended 30 June 2016, the Group's provision of valuation and advisory services contributed approximately 63.4% of the total revenue to the Group. In view of the sluggish economy in Hong Kong in 2016, the Group recorded a slightly decrease in revenue generated from the provision of valuation and advisory services for the three months ended 30 June 2016 by approximately 6.1% as compared with that for the three months ended 30 June 2015. Nevertheless, the Group always tries its best endeavor to explore various merger and acquisition opportunities and/or business collaboration to enhance its market presence in the valuation and advisory industry in Hong Kong.

The Group's provision of financing services contributed approximately 36.6% of the total revenue to the Group for the three months ended 30 June 2016. With the net proceeds from the rights issue of Shares in December 2014 and the placing of Shares in February 2016, the Group continued to further develop the provision of financing services and expand its loan portfolio size. In view of the fluctuating property market in Hong Kong since late 2015, the Group tried to expand its loan portfolio, in terms of both types and size, in order to diversify the risk. The Group continued to consider and accept, among others, shares of some corporations to secure the loans granted, besides properties. In view of the loan portfolio of the Group, interest income generated from provision of financing services for the three months ended 30 June 2016 increased by approximately 20.6% as compared with that for the three months ended 30 June 2015.

With the continuous expansion of the Group, the Group's employee benefit expenses increased by approximately 7.8% for the three months ended 30 June 2016 as compared with that for the three months ended 30 June 2015. The Group always considers its professional teams as the most valuable asset of the Group and offers competitive remuneration package to attract and retain high-caliber individuals.

FINANCIAL REVIEW

Revenue

For the three months ended 30 June 2016, the Group recorded an increase of approximately 2.2% in revenue as compared with that for the three months ended 30 June 2015. Such an increase was mainly attributable to the increase in interest income generated from provision of financing services.

The services fee income generated from provision of valuation and advisory services slightly decreased by approximately 6.0% to approximately HK\$15.8 million for the three months ended 30 June 2016 from approximately HK\$16.8 million for the three months ended 30 June 2015. Although the total number of projects increased, average mandate sum of valuation and advisory projects slightly dropped due to fewer complicated projects engaged during the three months ended 30 June 2016 as compared with that for the three months ended 30 June 2015.

The interest income generated from provision of financing services increased by approximately 19.7% to approximately HK\$9.1 million for the three months ended 30 June 2016 from approximately HK\$7.6 million for the three months ended 30 June 2015. The increase in interest income was mainly attributable to the expanded loan portfolio in terms of size during the three months ended 30 June 2016 as compared with that for the three months ended 30 June 2015.

Other income

The Group's other income decreased by approximately 15.8% for the three months ended 30 June 2016 as compared with that for the three months ended 30 June 2015. Such a decrease was mainly attributable to (i) the decrease in reimbursable income from the Group's customers and (ii) the decrease in the Group's unutilised proceeds from the rights issue of Shares being placed in commercial banks as time deposits for interests during the three months ended 30 June 2016 as compared with those during the three months ended 30 June 2015.

Employee benefit expenses

Employee benefit expenses mainly consisted of wages and salaries, pension costs and other benefits to the staff and the Directors. The Group's employee benefit expenses increased by approximately 7.8% for the three months ended 30 June 2016 as compared with that for the three months ended 30 June 2015. The increase was mainly attributable to the increase in the average number of full-time staff and average salary level of the staff for the three months ended 30 June 2016 as compared with that for the three months ended 30 June 2015.

Depreciation and amortisation

The Group recorded an increase of approximately 3.9% in depreciation and amortisation for the three months ended 30 June 2016 as compared with that for the three months ended 30 June 2015, which was mainly because of the addition of a motor vehicle in March 2016.

Other expenses

The Group's other expenses increased by approximately 19.9% for the three months ended 30 June 2016 as compared with that for the three months ended 30 June 2015. Along the growth of the Group's financing services, more consultancy fee incurred during the three months ended 30 June 2016 as compared with those for the three months ended 30 June 2015.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased to approximately HK\$7.4 million for the three months ended 30 June 2016 from approximately HK\$8.7 million for the three months ended 30 June 2015, representing a decrease of approximately 14.9%. The increases in the Group's other expenses and employee benefit expenses outweighed the increase in the Group's revenue for the three months ended 30 June 2016.

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

On 8 July 2015, the Group has granted a loan facility of HK\$58 million at an interest rate of 12% per annum for a term of one year (the “Loan A”) to Brilliant One Holdings Limited, which executed, among others, share charge in favour of the Group to charge 310,850,000 shares of a company listed on GEM to the Group as security in connection with the Loan A. As at 30 June 2016, such facility has been drawn up to approximately HK\$57.2 million and yet to mature. For further details, please refer to the Company’s announcement dated 8 July 2015.

On 22 July 2015, the Group has granted a loan of HK\$10 million at an interest rate of 36% per annum for a term of one year (the “Loan B”) to a company, which executed, among others, share charge in favour of the Group to charge certain of its shares to the Group as security in connection with the Loan B. As at 30 June 2016, the Loan B has yet to mature. For further details, please refer to the Company’s announcement dated 22 July 2015.

On 15 September 2015, a mortgage loan of HK\$16 million at an interest rate of 1.42% per month for a term of three months (the “Loan C”) was granted to two individuals, who executed a first legal charge in respect of a residential property for the Loan C. On 16 December 2015, the Loan C has further renewed for another six months at same interest rate with same pledged property. As at 30 June 2016, Loan C was still outstanding until fully settlement being received in July 2016. For further details, please refer to the Company’s announcements dated 15 September 2015 and 16 December 2015.

On 6 April 2016, the Group has granted a loan facility of HK\$20 million at an interest rate of 14% per annum for a term of one year (the “Loan D”) to a recurring client, who executed share charge in favour of the Group to charge certain shares of a company listed on GEM to the Group as security in connection with the Loan D. As at 30 June 2016, the Loan D has yet to mature. For further details, please refer to the Company’s announcement dated 6 April 2016.

On 13 April 2016, the Group has granted a loan facility of HK\$39.5 million at an interest rate of 10% per annum for a term of one year (the “Loan E”) to a recurring client, who executed share charge in favour of the Group to charge certain shares of a company listed on GEM to the Group as security in connection with the Loan E. As at 30 June 2016, the Loan E has yet to mature. For further details, please refer to the Company’s announcement dated 13 April 2016.

On 11 May 2016, the Group has granted a loan facility of HK\$31.6 million at an interest rate of 12% per annum for a term of one year (the “Loan F”) to a recurring client, who executed share charge in favour of the Group to charge certain shares of a company listed on GEM to the Group as security in connection with the Loan F. As at 30 June 2016, the Loan F has yet to mature. For further details, please refer to the Company’s announcement dated 11 May 2016.

On 14 July 2016, the Group has granted a loan facility of HK\$39 million at an interest rate of 12% per annum for a term of one year (the “Loan G”) to a recurring client, who executed share charge in favour of the Group to charge certain shares of a company listed on GEM to

the Group as security in connection with the Loan G. As at the date of this announcement, the Loan G has yet to mature. For further details, please refer to the Company's announcement dated 14 July 2016.

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

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The rights issue in 2014

In December 2014, the Company raised fund of net proceeds of approximately HK\$280 million from its rights issue of 3,183,112,500 Shares (the "RI Proceeds"). Up to the date of this announcement, (i) HK\$36.7 million of the RI Proceeds was paid for the acquisition of equity interest in Bonus Boost International Limited, which has a wholly-owned subsidiary principally involved in acting as a surveyor, valuer and property consultant; (ii) HK\$25 million of the RI Proceeds was paid for the acquisition of 19.9% equity interest in Greater China Appraisal Limited, which is principally engaging in the provision of assets appraisal services; and (iii) approximately HK\$126.3 million of the RI Proceeds, being the entire portion intended to be used for the Group's provision of financing services was utilised for granting of mortgage loans to independent third parties. The Group continues to look for suitable business opportunities to utilise the remaining portion of approximately HK\$70.0 million of the RI Proceeds which was intended to apply for the funding and further development of the existing and future businesses of the Group. As at 30 June 2016, such unutilised net proceeds were kept as cash at and placed as bank deposits with authorised banks in Hong Kong.

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 continue to explore further merger and acquisition opportunities and/or business collaboration proactively. A sluggish property market in Hong Kong is still expected this year and the Group will further diversify its loan portfolio in respect of risk management and also to maximise the return to the Group.

If necessary, the Company may consider issuing new shares and/or debt securities to optimise its financial structure for embracing sound business opportunities and preparing future expansion of the Group.

On 18 July 2016, the Company re-submitted a formal application to the Stock Exchange for the proposed transfer of the listing of the Shares from GEM to the main board of the Stock Exchange (the "Application") pursuant to Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange and the relevant provisions of the GEM Listing Rules. For details of the re-submission, please refer to the Company's announcement dated 18 July 2016.

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

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

During the three months ended 30 June 2016, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

Having been made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the three months ended 30 June 2016.

CORPORATE GOVERNANCE PRACTICES

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

During the three months ended 30 June 2016, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules except the following deviation:

Code Provision A.2.1

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

However, the Board is of the view that although Mr. Luk 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 is beneficial to the business prospects of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director had a material interest in any transactions, arrangements or contracts of significance to the business of the Group, to which the Company or any of its subsidiaries was a party during the three months ended 30 June 2016.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the three months ended 30 June 2016 and up to the date of this announcement, none of the Directors or any of their respective close associates, engaged in any business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 26 September 2011. The major roles and functions of the Audit Committee are to review the financial systems of the Group; to review the accounting policies, financial positions and results, and financial reporting procedures of the Group; to communicate with external auditor; to assess the performance of internal financial and audit personnel; to review the risk management system and to assess the internal controls of the Group; and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. During the three months ended 30 June 2016, the Company adopted a whistleblowing policy in order to allow the employees or other stakeholders (such as suppliers and customers) of the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group.

The Audit Committee currently consists of three members, namely Mr. Ko, Wai Lun Warren, Mr. Lou, Ming and Mr. Wong, Tat Keung (being the chairman of the Audit Committee), all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed the first quarterly report, including the unaudited consolidated results of the Group for the three months ended 30 June 2016.

By order of the Board
Roma Group Limited
Yue Kwai Wa Ken

Executive Director and Company Secretary

Hong Kong, 9 August 2016

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. Ko, Wai Lun Warren, Mr. Lou, Ming and Mr. Wong, Tat Keung.

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