

**ROMA GROUP LTD:
HERE'S ANOTHER CONUNDRUM TO UNRAVEL**

For the second time in a period of about eight months, [Roma Group Ltd \(\)](#) (Code: 8072, The Growth Enterprise Market (The **GEM**) of The Stock Exchange of Hongkong Ltd) has embarked on a subdivision/consolidation of its Issued and Fully Paid-Up Share Capital.

According to the database of **TOLFIN ()**, the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, on January 29, 2014, Management of Roma Group informed its shareholders that *'The Board proposes that each of the existing issued and unissued Shares of par value of HK\$0.01 each in the share capital of the Company be subdivided into ten (10) Subdivided Shares of HK\$0.001 each.'*

The reasons for the share subdivision were stated at Pages Two and Three of that announcement as follows:

'The proposed Share Subdivision will reduce the nominal value and trading price of each Share and increase the total number of Shares in issue. The Directors are of the view that the increase in number of the shares of the Company as a result of the Share Subdivision may improve the trading liquidity of the Subdivided Shares, thereby enabling the Company to broaden its Shareholders' base.'

'Other than the expenses incurred by the Company in relation to the Share Subdivision, the Share Subdivision will not, by itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interest of the Shareholders. The Board considers the Share Subdivision to be in the interests of the Company and its Shareholders as a whole.'

The share price of Roma Group on the day of the above-mentioned announcement was \$HK3.68, according to **TOLFIN**'s records.

The share price has been sliding down ever since that January announcement.

On August 26, Roma Group announced that it was proposing a *'Share Consolidation'*.

The announcement stated, inter alia:

'The Board proposes to implement the Share Consolidation on the basis that every 16 issued and unissued Shares of HK\$0.001 each will be consolidated into one (1) Consolidated Share of HK\$0.016 each. Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated, sold and retained for the benefits of the Company, if possible and applicable.'

At Page Three of this announcement, under the heading, *'Reasons for the Share Consolidation'*, one is told:

'The Share Consolidation will increase the nominal value of the Shares. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will

reduce the overall transaction and handling costs of dealings in the Consolidated Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the GEM Listing Rules, but would also attract more investors and extend the base of the Shareholders.

‘Accordingly, the Directors consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.’

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