

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Roma Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8072)

- (1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS
SHARES FOR EVERY TWO CONSOLIDATED SHARES
HELD ON THE RECORD DATE;
(4) RE-ELECTION OF RETIRING DIRECTORS
AND
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



**英皇融資有限公司
Emperor Capital Limited**

Underwriter of the Rights Issue



**英皇證券(香港)有限公司
Emperor Securities Limited**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Gram Capital Limited

嘉林資本有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 7 to 28 of this circular.

A letter from Gram Capital to the Independent Board Committee and the Independent Shareholders, containing its advice in respect of the Rights Issue and the transactions contemplated thereunder is set out on pages 30 to 44 of this circular.

A notice convening the EGM to be held at 22/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Wednesday, 18 October 2017 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

The Consolidated Shares will be dealt in on an ex-rights basis from Friday, 20 October 2017. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 31 October 2017 to Tuesday, 7 November 2017 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriters by notice in writing to the Company at any time prior to the Latest Time for Termination to terminate its obligations under the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on pages 5 to 6 of this circular. If the Underwriters exercises such rights, the Rights Issue will not proceed.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.romagroup.com.

* For identification purpose only

CHARACTERISTICS OF GEM

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.

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EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Increase in Authorised Share Capital and the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in separate announcement(s) by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

Event	Date and time
Latest time for lodging transfer of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Thursday, 12 October 2017
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive).....	From Friday, 13 October 2017 to Wednesday, 18 October 2017
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Monday, 16 October 2017
Record date for attendance and voting at the EGM	Wednesday, 18 October 2017
Expected date and time of the EGM to approve the Share Consolidation, the Increase in Authorised Share Capital and the Rights Issue	11:00 a.m. on Wednesday, 18 October 2017
Announcement of the poll result of the EGM	Wednesday, 18 October 2017
Effective date of the Share Consolidation and the Increase in Authorised Share Capital.....	Thursday, 19 October 2017
Commencement of dealings in the Consolidated Shares.....	9:00 a.m. on Thursday, 19 October 2017
Original counter for trading in the Existing Shares (in board lots of 20,000 Shares) to be closed.....	9:00 a.m. on Thursday, 19 October 2017
Temporary counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in form of existing share certificates) to be opened.....	9:00 a.m. on Thursday, 19 October 2017

EXPECTED TIMETABLE

Event	Date and time
First date of free exchange of existing certificates for the Existing Shares into new share certificates for the Consolidated Shares	Thursday, 19 October 2017
Last day of dealings in the Consolidated Shares on cum-rights basis	Thursday, 19 October 2017
First day of dealings in the Consolidated Shares on ex-rights basis	Friday, 20 October 2017
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Monday, 23 October 2017
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	From Tuesday, 24 October 2017 to Thursday, 26 October 2017
Record Date for the Rights Issue	Thursday, 26 October 2017
Prospectus Documents expected to be despatched	Friday, 27 October 2017
First day of dealings in nil-paid Rights Shares	Tuesday, 31 October 2017
Original counter for trading in the Consolidated Shares (in board lots of 20,000 Consolidated Shares in the form of new share certificates for the Consolidated Shares) reopens	Thursday, 2 November 2017
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Thursday, 2 November 2017
Parallel trading in Consolidated Shares (in the form of new and existing certificates) commences	9:00 a.m. on Thursday, 2 November 2017
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Thursday, 2 November 2017
Last day of dealings in nil-paid Rights Shares	Tuesday, 7 November 2017
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Friday, 10 November 2017

EXPECTED TIMETABLE

Event	Date and time
Latest time for termination of the Underwriting Agreement.....	4:00 p.m. on Wednesday, 15 November 2017
Announcement of result of the Rights Issue.....	Thursday, 16 November 2017
Refund cheques for wholly and partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Friday, 17 November 2017
Certificates for the Rights Shares expected to be despatched on or before	Friday, 17 November 2017
Dealings in fully-paid Rights Shares and commence.....	9:00 a.m. on Monday, 20 November 2017
Temporary counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in form of existing share certificates) to be closed.....	4:00 p.m. on Wednesday, 22 November 2017
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) ends.....	4:00 p.m. on Wednesday, 22 November 2017
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares.....	4:00 p.m. on Wednesday, 22 November 2017
Last day for free exchange of existing share certificates for new share certificates	Friday, 24 November 2017

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Aperto”	Aperto Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is legally and beneficially owned by Mr. Luk Kee Yan Kelvin
“Announcement”	the announcement of the Company dated 14 August 2017 in relation to, among other things, the Share Consolidation, the Increase in Authorised Share Capital and the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Roma Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (stock code: 8072)
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.064 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EAF”	the excess application form(s) to be issued in connection with the Rights Issue

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, among other things, the Share Consolidation, the Increase in Authorised Share Capital and the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder
“Emperor Securities”	Emperor Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance, being the underwriter of the Rights Issue
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.016 each in the share capital of the Company before the Share Consolidation becoming effective
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	Subject to the Share Consolidation becoming effective, the increase of authorised share capital of the Company from HK\$80,000,000 divided into 1,250,000,000 Consolidated Shares to HK\$576,000,000 divided into 9,000,000,000 Consolidated Shares by the creation of an additional 7,750,000,000 Consolidated Shares
“Independent Board Committee”	the independent board committee of the Company to be constituted by all the independent non-executive Directors for the purpose of giving recommendation to the Independent Shareholders on the Rights Issue
“Independent Shareholders”	the Shareholders who are not required under the GEM Listing Rules to abstain from voting on the resolution approving the Rights Issue at the EGM

DEFINITIONS

“Last Trading Day”	14 August 2017, being the last full trading day of the Shares on the GEM prior to the release of this circular
“Latest Practicable Date”	28 September 2017, being the latest practicable date prior to the printing of this circular for the propose of ascertaining certain information referred to in this circular
“Latest Time for Termination”	4:00 p.m. on the third business day after the latest time for acceptance of the Rights Issue or such other time as may be agreed between the Company and the Underwriter
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	27 October 2017 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purposes of this circular only, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	together, the Prospectus, the PAL and the EAF
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than those Non-Qualifying Shareholders, if any
“Record Date”	Thursday, 26 October 2017, the record date to determine entitlements to the Rights Issue

DEFINITIONS

“Registrar”	Tricor Investor Services Limited, branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the issue of 1,874,944,986 Rights Shares at the Subscription Price on the basis of three Rights Shares for every two Consolidated Shares held on the Record Date payable in full on acceptance
“Rights Share(s)”	new Consolidated Share(s) to be allotted and issued in respect of the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the law of Hong Kong) as amended from time to time
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every four issued and unissued Existing Shares of HK\$0.016 each into one Consolidated Share of HK\$0.064 each
“Shareholder(s)”	holder(s) of the Share(s) or the Consolidated Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which render any of the warranties contained in the Underwriting Agreement untrue, inaccurate or misleading
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.15 per Rights Share
“Takeovers Code”	the Code on Takeovers and Mergers
“Underwriter”	Emperor Securities
“Underwriting Agreement”	the underwriting agreement entered into between the Company and Emperor Securities dated 14 August 2017 (as supplemented on 28 September 2017) in relation to the Rights Issue
“Underwritten Shares”	1,874,944,986 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, exist, or come into effect:

- (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever after the signing of the Underwriting Agreement;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
- (iii) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement;
- (v) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in Shares or Consolidated Shares (as the case may be) generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (vi) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the People's Republic of China or other jurisdiction relevant to any member of the Group and a change in currency conditions for the purpose of this paragraph includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs; or
- (vii) this circular and/or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or the Takeovers Code or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company,

which is or are in the absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by serving a notice in writing to terminate the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of any of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Upon giving of such notice pursuant to the Underwriting Agreement, all obligations of the Underwriter and the Company under the Underwriting Agreement shall cease and determine (without prejudice to the rights of any party in respect of antecedent breach) provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

LETTER FROM THE BOARD



ROMA
ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8072)

Executive Directors:

Dr. Cheung Wai Bun Charles, J.P.
Ms. Chan Hong Nei Connie
Mr. Yue Kwai Wa Ken

Non-Executive Director:

Dr. Lam Lee G.
Mr. Ng Man Kung
Mr. So Wing On
Mr. Yim Wai Ning

Independent Non-Executive Directors:

Mr. Choi Wai Tong Winton
Mr. Ko Wai Lun Warren
Ms. Li Tak Yin
Mr. Wong Tat Keung

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business

in Hong Kong:
22/F., China Overseas Building
139 Hennessy Road
Wanchai, Hong Kong

29 September 2017

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS
SHARES FOR EVERY TWO CONSOLIDATED SHARES
HELD ON THE RECORD DATE; AND
(4) RE-ELECTION OF RETIRING DIRECTORS**

INTRODUCTION

Reference is made to the Announcement. The Board proposes to put forward the following proposals to the Shareholders:

- (a) the Share Consolidation which involves the consolidation of every four (4) issued and unissued Existing Shares of par value of HK\$0.016 each into one (1) Consolidated Share of par value of HK\$0.064 each;

* For identification purpose only

LETTER FROM THE BOARD

- (b) subject to the Share Consolidation becoming effective, increase the authorised share capital from HK\$80,000,000 divided into 1,250,000,000 Consolidated Shares to HK\$576,000,000 divided into 9,000,000,000 Consolidated Shares; and
- (c) subject to the Share Consolidation and the Increase in Authorised Share Capital becoming effective, to implement the Rights Issue on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date at the Subscription Price to raise approximately HK\$281.2 million before expenses (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) by issuing 1,874,944,986 Rights Shares to the Qualifying Shareholders.

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation, the Increase in Authorised Share Capital and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and (iv) a notice convening the EGM.

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every four (4) issued and unissued Existing Shares of par value of HK\$0.016 each into one (1) Consolidated Share of par value of HK\$0.064 each.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$80,000,000 divided into 5,000,000,000 Existing Shares of HK\$0.016 each, of which 4,999,853,300 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased on or before the date of the EGM, immediately after the Share Consolidation becoming effective and before completion of the Rights Issue, the authorised share capital of the Company will become HK\$80,000,000 divided into 1,250,000,000 Consolidated Shares of HK\$0.064 each, of which 1,249,963,325 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue. The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Any fractional Consolidated Share to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholders, but will be aggregated, sold (if a premium, net of expenses, can be obtained) and retained for the benefit of the Company. There will be no fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation.

Other than the necessary expenses for the implementation of the Share Consolidation which are expected to be insignificant in the context of the net asset value of the Company, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company or the interests and rights of the

LETTER FROM THE BOARD

Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled. The Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Existing Shares are currently traded on the Stock Exchange in board lots of 20,000 Existing Shares. Following the Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in board lots of 20,000 Consolidated Shares.

As at the Latest Practicable Date, the Company does not have any outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the Existing Shares.

Conditions and expected effective date of the Share Consolidation

The Share Consolidation is conditional upon the satisfaction of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders approving the Share Consolidation at the EGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue.

Assuming the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on Thursday, 19 October 2017.

Reasons for the Share Consolidation

Pursuant to Rules 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the recent trading price of the Existing Shares of less than HK\$0.1 for the two month prior to the Last Trading Day, the Board proposes to implement the Share Consolidation. The Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Existing Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares and reduce the overall transaction costs of dealing in the Consolidated Shares. In addition to addressing the requirements of Rules 17.76 of the GEM Listing Rules, the Share Consolidation will also provide flexibility for equity fund

LETTER FROM THE BOARD

raising of the Company in the future and facilitate the Rights Issue. Accordingly, the Board is of the view that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Free exchange of Share certificates

Subject to the Share Consolidation becoming effective, Shareholders may, from Thursday, 19 October 2017 to Friday, 24 November 2017 (both days inclusive), submit certificates for the Existing Shares, which is purple in color, to the Registrar for exchange, at the expense of the Company, for certificates for the Consolidated Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of the higher of HK\$2.50 or such other amount as may from time to time be specified by the Stock Exchange for each certificate issued or cancelled. Certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for the Consolidated Shares at any time at the expense of the Shareholders. The new share certificates for the Consolidated Shares will be orange in color.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares, Emperor Securities has been appointed to provide matching service for odd lots of the Consolidated Shares arising from the Share Consolidation at the relevant market price per Consolidated Share for the period from Thursday, 2 November 2017 to Wednesday, 22 November 2017 (both dates inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this trading facility to dispose of or top up odd lots should contact Mr. Eric Leung of Emperor Securities on 23rd to 24th Floor, Emperor Group Centre, 288 Hennessy Road, Wan Chai, Hong Kong, Hong Kong at telephone number (852) 2919 2919 during this period. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$80,000,000 divided into 5,000,000,000 Shares of HK\$0.016 each of which 4,999,853,300 Existing Shares have been allotted and issued and fully paid or credited as fully paid. Assuming no further issue of new Shares or repurchase of Shares on or before the Share Consolidation becoming effective, the remaining number of Consolidated Shares available for issue will be 36,675 Consolidated Shares.

Subject to the Share Consolidation having become effective, in order to facilitate the proposed Rights Issue, to accommodate the future expansion and growth of the Group and to provide the Company with greater flexibility for future expansion in the share capital of the Company, the Board proposes to increase the Company's authorised share capital from HK\$80,000,000 divided into 1,250,000,000 Consolidated Shares of HK\$0.064 each to HK\$576,000,000 divided into 9,000,000,000 Consolidated Shares of of HK\$0.064 each by the creation of an additional 7,750,000,000 unissued Consolidated Shares, which will rank in pari passu in all respects with all the Consolidated Shares in issue upon the Share Consolidation becoming effective.

LETTER FROM THE BOARD

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. No Shareholder is required to abstain from voting on the resolution for approving the Increase in Authorised Share Capital to be proposed at the EGM under the GEM Listing Rules.

The Board considers that Increase in Authorised Share Capital will provide flexibility for fund raising by allotting and issuing new Shares in the future as and when appropriate for future investment opportunities and other corporate purposes. As such, the Board is of the view that the Increase in Authorised Share Capital is in the interest of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place after and is conditional upon the Share Consolidation and the Increase in Authorised Share Capital becoming effective.

Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date
Subscription Price	:	HK\$0.15 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	4,999,853,300 Existing Shares (equivalent to 1,249,963,325 Consolidated Shares assuming the Share Consolidation becomes effective)
Number of Rights Shares	:	1,874,944,986 Rights Shares (assuming no further Shares will be issued or repurchased on or before the Record Date)
Number of Consolidated Shares in issue upon completion of the Rights Issues	:	3,124,908,311 Consolidated Shares
Amount to be raised	:	Approximately HK\$281.2 million before expenses

As at the Latest Practicable Date, the Company does not have any outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the Existing Shares.

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Assuming no new Share/Consolidated Share being issued and/or bought back by the Company on or before the Record Date, the 1,874,944,986 Rights Shares represent:

- (a) approximately 150.00% of the number of the Consolidated Shares immediately upon completion of the Share Consolidation (based on the aggregate number of Existing Shares in issue as at the Latest Practicable Date and adjust for the effect of the Share Consolidation); and
- (b) approximately 60.00% of the aggregate number of Consolidated Shares in issue as enlarged by the issue of the Rights Shares.

Qualifying Shareholder

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, transfer documents (together with the relevant share certificates) must be lodged with the Registrar no later than 4:30 p.m. on Monday, 23 October 2017.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 24 October 2017 to Thursday, 26 October 2017 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every two (2) Consolidated Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment shall be made by completing a PAL and lodging the same with remittance for the Rights Shares being applied for with the Registrar by 4:00 p.m. on Friday, 10 November 2017.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at the Latest Practicable Date, there were 344 Overseas Shareholders whose addresses are located in the PRC, in aggregate holding 26,425,000 Existing Shares. Pursuant to Rule 17.41 of the GEM Listing Rules, the Directors had made enquiries with the legal adviser of the Company as to the laws of the PRC

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regarding legal restrictions and regulatory requirements in the PRC in respect of extending the Rights Issue to those Overseas Shareholders in the PRC. Based on the legal opinion from the legal adviser of the Company as to the PRC laws, there are no restriction on extending the Rights Issue to those Overseas Shareholders in the PRC and as such, there were no Non-Qualifying Shareholders for the Rights Issue as at the Latest Practicable Date. Accordingly, the Rights Issue will be extended to those Overseas Shareholders and the Prospectus Documents will be sent to those Overseas Shareholders. Save for the aforesaid Overseas Shareholders, all Shareholders on the Company's register of members as at the Latest Practicable Date have registered addresses in Hong Kong.

The Company will continue to ascertain whether there are any other Overseas Shareholders in any other jurisdiction(s) on the Record Date. The Company will make further enquiries and, if necessary, seek legal advice(s) from overseas legal adviser(s) regarding the legality and feasibility for extending the Rights Issue to the Overseas Shareholder(s). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro-rata to their shareholdings held at the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Subscription Price

The Subscription Price is HK\$0.15 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

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The Subscription Price represents:

- (a) a discount of approximately 34.21% to the equivalent closing price of HK\$0.228 per Consolidated Share based on the closing price of HK\$0.057 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- (b) a discount of approximately 17.13% to the theoretical ex-rights price of approximately HK\$0.181 per Consolidated Share based on the closing price of HK\$0.057 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- (c) a discount of approximately 34.78% to the equivalent average closing price of approximately HK\$0.230 per Consolidated Share based on the average closing price per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- (d) a discount of approximately 3.85% to the closing price of HK\$0.156 per Consolidated Share based on the closing price of HK\$0.039 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted taking into account the effect of the Share Consolidation; and
- (e) a discount of approximately 60.63% to the audited consolidated net asset per Consolidated Share as at 31 March 2017 of approximately HK\$0.381 per Consolidated Share, based on the equity attributable to the owners of the Company of HK\$476,485,000 and 1,249,963,325 Consolidated Shares which are adjusted taking into account the effect of the Share Consolidation.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Existing Shares and the prevailing market conditions and taking into consideration the effect of the Share Consolidation. The Directors (other than the members of the Independent Board Committee who will form their view after receiving and considering the advice from Gram Capital) consider that the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Existing Shares with an objective of encouraging Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net subscription price per Rights Share will be approximately HK\$0.14.

Apart from the aforesaid, in coming up with the current subscription ratio for the Rights Issue and the Subscription Price, the Company has also considered the following factors:

- (i) the subscription ratio for the Rights Issue is determined after taking into account the estimated funding requirements of the Company and the Subscription Price;

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- (ii) during negotiation of the Underwriting Agreement, it has been indicated to the Company that it is essential for setting the Subscription Price at a reasonable level of discount for inducing the Underwriter to provide underwriting services under the Rights Issue and attracting all of the Qualifying Shareholders to participate in the Rights Issue;
- (iii) the fluctuation of the prevailing trading prices of the Existing Shares in the past five months prior to the Last Trading Day, in the range from the lowest of HK\$0.032 per Existing Share on 27 April 2017 to the highest of HK\$0.078 per Existing Share on 7 June 2017;
- (iv) in view of the uncertainties in the financial market in Hong Kong as a result of the uncertainties stemming from fluctuating market sentiment, capital flow, trend of interest rate, volatility in money supply in different major economies and different economic decisions made by different countries, the Directors consider it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Rights Issue if the Subscription Price was not set at a reasonable level of discount to the historical trading prices of the Shares;
- (v) under the Rights Issue, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company. Should the Qualifying Shareholders participate in the Rights Issue, they will be subscribing the Rights Shares at a lower price as compared to the historical and prevailing market price of the Shares;
- (vi) inherent dilutive nature of the Rights Issue in general if the Qualifying Shareholders did not take up their entitlements under the Rights Issue in full. However, the Qualifying Shareholders have the first right to decide whether to accept their entitlements of the Rights Shares; and
- (vii) although the Rights Issue has an inherent dilutive nature, it is subject to Independent Shareholders' approval, which means that the Independent Shareholders have a right to disapprove the Rights Issue.

In view of the above, the Directors (other than the members of the Independent Board Committee who will form their view after reviewing and considering the advice from Gram Capital) consider the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the theoretical closing price of the Consolidated Shares on the Last Trading Day with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

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Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank in *pari passu* in all respects with the Consolidated Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

Fractions of Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or before Friday, 17 November 2017 by ordinary post to the allottees, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Rights Shares. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be sent on or before Friday, 17 November 2017 by ordinary post to the applicants, at their own risk, to their registered addresses.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Application for excess Rights Shares can be made only by duly completing and signing the EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by 4:00 p.m. on Friday, 10 November 2017. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis and as far as practicable on the following principles.

1. Subject to the availability of sufficient excess Rights Shares, preference may be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism.
2. After applying the principle in (1) above, the remaining excess Rights Shares, if any (if preference is given) or all excess Rights Shares (if no preference is given) will be allocated on a pro-rata basis with reference to the number of excess Rights Shares applied for by the relevant Qualifying Shareholders, with flexibility to round up to whole board lots at the discretion of the Directors.

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In the event that the Company discovers any unusual pattern of excess applications and has reason to believe that any applications may have been made with the intention to abuse the mechanism under principle (1) above, the Board reserves the rights and absolute discretion to reject any excess application which appears to them to be made with intention to abuse the top up odd lots mechanism while other applications are not affected and will be allocated according to the above principles (1) and (2).

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong. The Rights Shares in nil-paid form will be traded in board lots of 5,000 while the Rights Shares in fully-paid form will be traded in board lots of 20,000.

LETTER FROM THE BOARD

THE UNDERWRITING AGREEMENT

On 14 August 2017 (after trading hours), the Company and Emperor Securities entered into the Underwriting Agreement in respect of the underwriting arrangement for the Rights Issue. The principal terms of the Underwriting Agreement are as follows:

Date	:	14 August 2017 (as supplemented on 28 September 2017)
Underwriter	:	Emperor Securities
Total number of Rights Shares being underwritten by the Underwriter	:	1,874,944,986 Rights Shares (assuming no Shares will be issued or repurchased by the Company on or before the Record Date)
Commission	:	Emperor Securities shall receive 7% of the aggregate Subscription Price of the number of Rights Shares underwritten by it

The Rights Issue is fully underwritten by Emperor Securities pursuant to the Underwriting Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Emperor Securities, and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition.

Apart from the aforesaid, the Directors (other than the members of the Independent Board Committee who will form their view after reviewing and considering the advice from Gram Capital) had taken into account the following factors to consider the fairness and reasonableness of the terms of the Underwriting Agreement (including the commission rate):

- a. according to the annual report of the Company for the year ended 31 March 2017, the profit and total comprehensive income attributable to owners of the Company dropped significant by approximately 42.08% from approximately HK\$36.6 million for the year ended 31 March 2016 to approximately HK\$21.2 million for the year ended 31 March 2017. Taking into the current financial position of the Group the Directors consider that the Company may have to pay a higher commission in order to increase the attractiveness for the underwriters to provide the underwriting services.

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- b. according to the information from the website of the Stock Exchange, the average daily trading volume of the Shares from March 2017 and up to the Last trading Day was below 1% of the total issued Shares of the Company, which shows a thin average daily trading volume of the Shares.
- c. the fact that the subscription ratio of the Rights Issue will lead to the existing total issued shares capital of the Company being enlarged by approximately 1.5 times and that the Company is listed on the GEM is generally regarded as a more risky investment by investors. Furthermore with reference to the rights issue conducted by the Company in 2014, the rights issue was under-subscribed. As such, the Underwriter would expect a higher commission return for it to provide the underwriting services.

In view of the above, the Directors (other than the members of the Independent Board Committee who will form their view after reviewing and considering the advice from Gram Capital) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, exist, or come into effect:

- (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever after the signing of the Underwriting Agreement;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
- (iii) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement;
- (v) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in Shares or Consolidated Shares (as the case may be) generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;

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- (vi) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the People's Republic of China or other jurisdiction relevant to any member of the Group and a change in currency conditions for the purpose of this paragraph includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs; or
- (vii) this circular and/or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or the Takeovers Code or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company,

which is or are in the absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by serving a notice in writing to terminate the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of any of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Upon giving of such notice pursuant to the Underwriting Agreement, all obligations of the Underwriter and the Company under the Underwriting Agreement shall cease and determine (without prejudice to the rights of any party in respect of antecedent breach) provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

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Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (I) the passing by the Shareholders (or where appropriate, Independent Shareholders) at the EGM of ordinary resolutions to approve *inter alia*, (i) the Share Consolidation; (ii) the Increase in Authorised Share Capital; and (iii) the Underwriting Agreement and the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Issue to the Non-Qualifying Shareholders); and the transactions contemplated thereunder by no later than the Posting Date;
- (II) the Share Consolidation and the Increase in Authorised Share Capital becoming effective;
- (III) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked listing of and permission to deal in the Consolidated Shares;
- (IV) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (V) the filing and registration of the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (VI) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Posting Date;
- (VII) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination; and
- (VIII) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement.

The conditions precedent set out in paragraphs (I) to (VII) are incapable of being waived by the Underwriter and the Company. The Underwriter may waive the condition precedent set out in paragraph (VIII) in whole or in part by written notice to the Company.

If the conditions precedent set out in the above paragraphs are not satisfied (or, if applicable waived in whole or in part by the Underwriter) by the respective time and dates specified therein or if no time and date is specified by no later than the latest time for acceptance of the Rights Issue (or such other time as may be extended by the Underwriter (as permitted under the relevant legal and regulatory requirements)) and/or the condition precedent (VIII) does not remain fulfilled (unless waived by the Underwriter) up to the Latest Time for Termination, the Underwriting Agreement shall terminate (save in respect of the provisions in relation to fees and expenses payable to the Underwriter, indemnity, notices and governing law

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and any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination) and no party will have any claim against any other party for costs, damages, compensation or otherwise, and the Rights Issue will not proceed.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the Share Consolidation becoming effective; and (iii) immediately after completion of the Rights Issue (assuming no further Shares will be issued or repurchased on or before the Record Date):

	Immediately after completion of the Rights Issue							
	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective		Assuming all Shareholders take up the Rights Shares		Assuming no Shareholder takes up the Rights Shares and the Underwriter fully takes up the Underwritten Shares	
	<i>no. of Shares</i>	<i>%</i>	<i>no. of Shares</i>	<i>%</i>	<i>no. of Shares</i>	<i>%</i>	<i>no. of Shares</i>	<i>%</i>
Aperto	1,023,000,000	20.46	255,750,000	20.46	639,375,000	20.46	255,750,000	8.18
Emperor Securities <i>(Notes 1 & 2)</i>	—	—	—	—	—	—	1,874,944,986	60.00
Other Public Shareholders	<u>3,976,853,300</u>	<u>79.54</u>	<u>994,213,325</u>	<u>79.54</u>	<u>2,485,533,311</u>	<u>79.54</u>	<u>994,213,325</u>	<u>31.82</u>
Total	<u><u>4,999,853,300</u></u>	<u><u>100.00</u></u>	<u><u>1,249,963,325</u></u>	<u><u>100.00</u></u>	<u><u>3,124,908,311</u></u>	<u><u>100.00</u></u>	<u><u>3,124,908,311</u></u>	<u><u>100.00</u></u>

Notes:

1. In circumstances where the Rights Issue were to become unconditional and Emperor Securities was obliged to take up the Underwritten Shares in their entirety, the commitment would extend to a stake of approximately 60.00% in the share capital of the Company as enlarged by the issue of the Rights Shares. Emperor Securities confirmed to the Company that (a) it has no intention to become a connected person of the Company upon completion of the Rights Issue; (b) it has sub-underwritten part of its underwriting obligations under the Underwriting Agreement to sub-underwriters such that each of Emperor Securities and its sub-underwriters (i) will be a third party independent of, not acting in concert with and not be connected with the Directors, chief executive or substantial Shareholders of the Company or their respective associates; (ii) will not, together with party(ies) acting in concert with each of them or their respective associates, hold in aggregate 30% or more of the voting rights of the Company immediately upon completion of the Rights Issue; and (iii) and each of the sub-underwriters agreed that it will procure each of the subscribers of the respective sub-underwriting obligation will not hold 10% or more of the voting rights of the Company immediately after completion of the Rights Issue unless with Emperor Securities consent.

2. Pursuant to the sub-underwriting agreements entered into between the Underwriter and seven sub-underwriters, (a) each of Get Nice Securities Limited and CS Wealth Securities Limited has agreed to sub-underwrite a maximum of 375,000,000 Rights Shares representing approximately 20.00% of the total number of Rights Shares and approximately 12.00% of the total number of Consolidated Shares in issue after the Rights Issue; (b) apart from Get Nice Securities Limited and CS Wealth Securities Limited, each of the other five sub-underwriters, which is private company and not principally engaged in the provision of placing and underwriting services, has agreed to sub-underwrite a maximum of 100,000,000 Rights Shares representing approximately 5.33% of the total number of Rights Shares and approximately 3.20% of the total number of Consolidated Shares in issue after the Rights Issue; (c) each of Get Nice Securities Limited, CS Wealth Securities Limited and the other five sub-underwriters and their respective ultimate beneficial owners are all independent third parties not connected with the Company and its connected parties.

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REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of valuation and technical advisory services and financing services in Hong Kong.

The gross proceeds of the Rights Issue will be approximately HK\$281.2 million. The estimated net proceeds from the Rights Issue after deducting all necessary expenses will be approximately HK\$257.5 million. Taking into account the high demands in the financing services market, the Company will allocate approximately HK\$135 million of the estimated net proceeds for expanding the Group's existing financing services business by increasing the loan portfolio to capture the excess demand of the Group's financing services. In order to prepare for the increasing size of the business, the Group will strengthen the team for provision of financing services by increasing headcounts with persons of appropriate qualification and sufficient market experience in handling the Group's increasing loan portfolio. The Company expects to utilize part of the proceeds by the fourth quarter of 2017.

Taking into account the size and the market price of the potential business to be acquired, the Company will allocate approximately HK\$90 million of the estimated net proceeds for future investment opportunities to be identified, including but not limited to acquiring similar businesses for expansion. The primary aim of the acquisitions is to broaden the market shares of the Group's existing businesses and thus increase the revenue base of the Group. The Company intends to spend i) approximately HK\$50 million for expansion and/or enhancement of the Group's valuation and advisory businesses, including but not limited to acquiring reputable and sizeable valuation and/or advisory firm to enhance the market share in valuation and advisory industry in Hong Kong and expand the current valuation and advisory businesses by recruiting specialists to improve the valuation and advisory services performance; and ii) approximately HK\$40 million for expanding financing services business by acquiring firm of similar business nature and/or loan portfolio in order to immediately increase the market presence for the Group and improve the resource and competitiveness in the provision of financing services business of the Group. The Company will also consider any other opportunities to be identified by the Group which align with the Group's then existing businesses for further expansion.

The Directors are of the opinion that the Rights Issue can provide the Company with flexibility and ability to capture any appropriate investment opportunities promptly when they arise in the near future. The Company expects to commence negotiation process with potential sellers for acquiring potential business within three months after the completion of the Rights Issue and to complete the first acquisition utilizing at least HK\$35 million of the proceeds from the Rights Issue which is allocated for futures investment opportunities by the first quarter of 2018. As at the Latest Practicable Date, no such investment opportunities have been identified and the Company has not entered, or proposes to enter, into any agreement, arrangement, understanding or undertaking and any negotiation regarding the future business development including any acquisition of new business or disposal of its existing business.

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The remaining balance of HK\$32.5 million for general working capital of the Group including but not limited to enhancing the quality and expanding the management and professional teams which is expected to utilize part of the proceeds by the fourth quarter of 2017.

The Directors consider that it is appropriate to propose the Rights Issue as a means of fund raising for the Group's future expansion. The Directors also consider that the terms of the Rights Issue, including the Subscription Price and the rate of the underwriting commission, are fair and reasonable based on current market conditions. Accordingly, the Board considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Financing methods

In addition to the proposed Rights Issue, the Company has also considered other financing methods such as debt financing, placing of Shares and open offer.

a. Debt financing

In regard to debt financing, as it will create interest payment obligations on the Group, incur additional finance costs burden and increase the gearing ratio of the Group, the Directors are of the view that it would not be in the best interests of the Shareholders as a whole.

b. Placing

In regard to placing of Shares, as it will not provide an equal opportunity for all the Shareholders to participate and it will deprive the Shareholders of the opportunity to maintain their proportional shareholdings, thereby diluting the interest of the existing Shareholders, the Directors are of the view that it would not be in the best interests of the Shareholders as a whole.

c. Open Offer

In regard to open offer, as it will be less beneficial to Shareholders in comparison with the Company's proposed Rights Issue as the Shareholders will not have the flexibility to sell their nil-paid rights on the open market in an open offer, the Directors are of the view that it would not be in the best interests of the Shareholders as a whole.

After considering the above factors, the Directors consider that the Rights Issue is the best fund raising method for the Company under the existing situation.

Since April 2017, the Company had approached four financial institutions including Emperor Securities, for potential fund raising activities in order to fulfill the capital needs for the Company. Taking into account the market conditions, the Company's financial position, the market capitalization of the Company, the historical Share price, the trading liquidity of the Shares, the proposed Rights Issue is the best offer that the Company can be negotiated under the current situation from those financial institutions. Furthermore,

LETTER FROM THE BOARD

Emperor Securities was the underwriter to the rights issue of the Company completed in December 2014 and hence Emperor Securities has a proven track record of successfully underwriting shares for the Company in the past.

As at the Latest Practicable Date, the Company does not have any intention or plan to conduct other fundraising activities in the coming 12 months.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted other equity fund raising exercise in the 12 months immediately preceding the date of the Announcement.

GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 10.29 of the GEM Listing Rules, the Rights Issue is conditional on, among other things, the approval by the Independent Shareholders at the EGM at which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue and the transactions contemplated thereunder. As at the Latest Practicable Date, the Company does not have any controlling Shareholder. Therefore, Dr. Cheung Wai Bun, Charles, *J.P.*, Ms. Chan Hong Nei, Connie, Mr. Yue Kwai Wa Ken (being the executive Directors), Dr. Lam Lee G, Mr. Ng Man Kung, Mr. So Wing On and Mr. Yim Wai Ning (being the non-executive Director) and their respective associates shall abstain from voting in favour of the resolution in relation to the Rights Issue and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, Dr. Cheung Wai Bun, Charles, *J.P.*, Ms. Chan Hong Nei, Connie, Mr. Yue Kwai Wa Ken, Dr. Lam Lee G, Mr. Ng Man Kung, Mr. So Wing On and Mr. Yim Wai Ning do not have any shareholding interest in the Company.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in, the Rights Shares in both their nil-paid and fully-paid forms and, as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Rights Shares in their nil-paid form otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of the holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in, the Rights Shares in both their nil-paid and fully-paid forms.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN EXISTING SHARES, CONSOLIDATED SHARES AND RIGHTS SHARES

The Consolidated Shares will be dealt in on an ex-rights basis from Friday, 20 October 2017. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 31 October 2017 to Tuesday, 7 November 2017 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable) or the Underwriting Agreement is terminated or rescinded by the Underwriter, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from Tuesday, 31 October 2017 to Tuesday, 7 November 2017 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Existing Shares or the Consolidated Shares up to the date when the conditions of the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriter's right of termination or rescission of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Tuesday, 31 October 2017 to Tuesday, 7 November 2017 (both dates inclusive) will accordingly bear the risk that the Rights Issue could not become unconditional or does not proceed.

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the Board comprised Dr. Cheung Wai Bun Charles, J.P., Ms. Chan Hong Nei Connie and Mr. Yue Kwai Wa Ken as the executive Directors, Dr. Lam Lee G., Mr. Ng Man Kung, Mr. So Wing On and Mr. Yim Wai Ning as the non-executive Directors, and Mr. Choi Wai Tong Winton, Mr. Ko Wai Lun Warren, Ms. Li Tak Yin and Mr. Wong Tat Keung as the independent non-executive Directors.

Pursuant to Article 83(3) of the articles of association of the Company, Dr. Lam Lee G. and Ms. Li Tak Yin who were appointed as Directors with effect from 13 September 2017, shall retire and being eligible, offer themselves for re-election.

Particulars relating to the retiring Directors to be re-elected at the EGM are set out in Appendix III to this circular in accordance with the relevant requirements of the GEM Listing Rules.

EGM

The EGM will be convened and held for the Shareholders/Independent Shareholders (as the case may be) to consider and approve, among other things, the Share Consolidation, Increase in Authorised Share Capital and the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder. A notice convening the EGM to be held at 22/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Wednesday, 18 October 2017 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular.

LETTER FROM THE BOARD

No Shareholder has any material interest in the Share Consolidation and the Increase in Authorised Share Capital and therefore, no Shareholder is required to abstain from voting in these respects.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment of it, if you so wish.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM and the Share Consolidation and the Increase in Authorised Share Capital becoming effective, the Prospectus Documents will be despatched to the Qualifying Shareholders on or before Friday, 27 October 2017 whereas the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

RECOMMENDATION

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Rights Issue. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

You are advised to read carefully the letter of recommendation from the Independent Board Committee and the letter of advice from Gram Capital set out on page 29 and pages 30 to 44 respectively of this circular. The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the EGM.

Further, the Directors (including the independent non-executive Directors) consider that the Share Consolidation and the Increase in Authorised Share Capital are in the interests of the Company and the Shareholders as a whole, therefore, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolutions to approve the Share Consolidation and the Increase in Authorised Share Capital at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I to III to this circular.

Yours faithfully,
For and on behalf of the Board
Roma Group Limited
Yue Kwai Wa Ken
Executive Director and Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue.



**ROMA
ROMA GROUP LIMITED**

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8072)

29 September 2017

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY TWO CONSOLIDATED SHARES
HELD ON THE RECORD DATE**

We refer to the circular of the Company dated 29 September 2017 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable insofar as the Independent Shareholders are concerned.

Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Having taken into account the terms of the Rights Issue and the advice from Gram Capital as set out in its letter of advice to you and us on pages 30 to 44 of the Circular, we are of the opinion that the Rights Issue is on normal commercial terms, in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Rights Issue, the Underwriting Agreement and the respective transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Mr. Choi Wai Tong
Winton

Mr. Ko Wai Lun
Warren

Ms. Li Tak Yin

Mr. Wong Tat Keung

Independent non-executive Directors

* *For identification purpose only*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

29 September 2017

*To: The independent board committee and the independent shareholders
of Roma Group Limited*

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO CONSOLIDATED SHARES HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 29 September 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board proposes, subject to the Share Consolidation and the Increase in Authorised Share Capital becoming effective, to implement the Rights Issue on the basis of three Rights Shares for every two Consolidated Shares held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share to raise approximately HK\$281.2 million before expenses (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) by issuing 1,874,944,986 Rights Shares to the Qualifying Shareholders.

With reference to the Board Letter, the Rights Issue is conditional on, among other things, the approval by the Independent Shareholders at the EGM.

The Independent Board Committee comprising Mr. Choi Wai Tong Winton, Mr. Ko Wai Lun Warren, Ms. Li Tak Yin and Mr. Wong Tat Keung (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Rights Issue is in the interests of the Company and the Shareholders as a whole; and (ii) how to vote in relation to the Rights

LETTER FROM GRAM CAPITAL

Issue at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Rights Issue. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Underwriter or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM GRAM CAPITAL

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Rights Issue, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Rights Issue

Information on the Group

With reference to the Board Letter, the principal activity of the Company is investment holding. The Group is principally engaged in the provision of valuation and advisory services and financing services in Hong Kong.

Set out below are the audited consolidated financial results of the Group for the two years ended 31 March 2017 as extracted from the Company's annual report for the year ended 31 March 2017 (the "Annual Report"):

	For the year ended 31 March 2017 HK\$'000	For the year ended 31 March 2016 HK\$'000	Year on year change %
Revenue	111,992	118,102	(5.17)
— Services fee income from provision of valuation and advisory services	75,955	75,755	0.26
— Interest income from provision of financing services	36,037	42,347	(14.90)
Profit for the year	21,249	36,587	(41.92)
	As at 31 March 2017 HK\$'000	As at 31 March 2016 HK\$'000	Year on year change %
Cash and bank balances	17,291	40,312	(57.11)
Pledged bank deposits	54,062	61,758	(12.46)
Loans and interests receivable	312,844	284,482	9.97
Net assets	476,485	455,236	4.67

LETTER FROM GRAM CAPITAL

As illustrated by the table above, the Group recorded revenue and profit of approximately HK\$111.99 million and HK\$21.25 million respectively for the year ended 31 March 2017 (“FY2016/17”), representing a decrease of approximately 5.17% and 41.92% respectively as compared to those for the year ended 31 March 2016 (“FY2015/16”). For FY2016/17, revenue from (i) services fee income from provision of valuation and advisory services and (ii) interest income from provision of financing services contributed approximately HK\$75.96 million and HK\$36.04 million of the revenue of the Group, representing an increase of approximately 0.26% and a decrease of approximately 14.90% as compared to those for FY2015/16.

With reference to the Annual Report, the decrease in revenue was mainly due to the decrease in interest income generated from provision of financing services, while the decrease in interest income was due to the diversification of loan portfolio and inclusion of greater amount of loans at lower interest rates. The decrease in profit was mainly attributable to (i) the decrease in interest income generated from the Group’s provision of financing services and (ii) the additional impairment losses on the Group’s certain loans, interests receivable and trade receivables during the FY2016/17. The Group has continued to develop the provision of financing services and maintained its loan portfolio size besides the valuation and advisory services provided by the Group. In view of the fluctuating property market in Hong Kong and more stringent policies imposed to agents for the financing services industry, the Group took a relatively prudent way to maintain its loan portfolio, in terms of both types and size. The Board considered that provision of financing services was a good profit contributor to the Group due to the stable stream of interest income generated therefrom during FY2016/17.

As further mentioned in the Annual Report, 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 would proactively explore further merger and acquisition opportunities and/or business collaboration. In order to well manage the Group’s credit risk, the Group would further diversify its loan portfolio. The Group might also expand its loan portfolio to maximise the return to the Group.

As at 31 March 2017, the Group had cash and bank balances, pledged bank deposits, loans and interests receivable and net assets of approximately HK\$17.29 million, HK\$54.06 million, HK\$312.84 million and HK\$476.49 million respectively.

Reasons for the Rights Issue and use of proceeds

With reference to the Board Letter, the gross proceeds of the Rights Issue will be approximately HK\$281.2 million. The estimated net proceeds from the Rights Issue after deducting all necessary expenses will be approximately HK\$257.5 million.

Taking into account the high demands in the financing services market, the Company will allocate approximately HK\$135 million of the estimated net proceeds for expanding the Group’s existing financing services business by increasing the loan portfolio to capture the excess demand of the Group’s financing services. In order to prepare for the increasing size of the business, the Group will strengthen the team for provision of

LETTER FROM GRAM CAPITAL

financing services by increasing headcounts with appropriate qualification and sufficient market experience in handling the Group's increasing loan portfolio. The Company expects to utilize part of the proceeds by the fourth quarter of 2017.

Taking into account the size and the market price of the potential business to be acquired, the Company will allocate approximately HK\$90 million of the estimated net proceeds for future investment opportunities to be identified, including but not limited to acquiring similar businesses for expansion.

The primary aim of the acquisitions is to broaden the market shares of the Group's existing businesses and thus increase the revenue base of the Group. The Company intends to spend (i) approximately HK\$50 million for expansion and/or enhancement of the Group's valuation and advisory businesses, including but not limited to acquiring reputable and sizeable valuation and/or advisory firm to enhance the market share in valuation and advisory industry in Hong Kong and expand the current valuation and advisory businesses by recruiting specialists to improve the valuation and advisory services performance; and (ii) approximately HK\$40 million for expanding financing services business by acquiring firm of similar business nature and/or loan portfolio in order to immediately increase the market presence for the Group and improve the resource and competitiveness in the provision of financing services business of the Group. The Company will also consider any other opportunities to be identified by the Group which align with the Group's then existing businesses for further expansion.

The Directors consider the Rights Issue can provide the Company with flexibility and ability to capture any appropriate investment opportunities promptly when they arise in the near future. As advised by the Directors, the Company expects to commence negotiation process with potential sellers for acquiring potential business within three months after the completion of the Rights Issue and to complete the first acquisition utilizing at least HK\$35 million of the net proceeds from the Rights Issue which is allocated for future investment opportunities by the first quarter of 2018. As at the Latest Practicable Date, no such investment opportunities have been identified and the Company has not entered, or proposes to enter, into any agreement, arrangement, understanding or undertaking and any negotiation regarding the future business development including any acquisition of new business or disposal of its existing business.

The remaining balance of HK\$32.5 million will be applied as general working capital of the Group including but not limited to enhancing the quality and expanding the management and professional teams which is expected to utilize part of the proceeds by the fourth quarter of 2017.

As advised by the Directors, the Company has considered alternative fund raising methods which include, among other things, (i) placing of new Shares, if compared to the Rights Issue, does not allow the Shareholders to maintain their respective shareholdings in the Company; (ii) open offer, if compared to the Rights Issue, does not provide Shareholders with the flexibility to increase their shareholding interests in the Company by acquiring additional rights entitlements in the open market or reduce their shareholding interests in the Company by disposing their rights entitlements in the open market; and

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(iii) debt financing, if compared to the Rights Issue, will incur interest expenses and may subject to lengthy due diligence by and negotiations with the potential lenders. As the Rights Issue will strengthen the financial positions of the Company and also provides an equal opportunity to all Qualifying Shareholders to participate in this fund raising activity, the Directors believe that (i) it would be in the best interests of the Group and the Shareholders as a whole to enlarge the capital base and strengthen the financial position of the Group by the Rights Issue and (ii) it is appropriate to propose the Rights Issue as a means of fund raising for the Group's future expansion.

With reference to the Board Letter, since April 2017, the Company had approached four financial institutions including Emperor Securities, for potential fund raising activities in order to fulfill the capital needs for the Company. Taking into account the market conditions, the Company's financial position, the market capitalization of the Company, the historical Share price, the trading liquidity of the Shares, the proposed Rights Issue is the only offer that the Company can obtain under the current situation from those financial institutions. Furthermore, Emperor Securities was the underwriter to the rights issue of the Company completed in December 2014 and hence Emperor Securities has a proven track record of successfully underwriting shares for the Company in the past.

In view of (i) that the use of proceeds is consistent with the Group's strategy as mentioned in the Annual Report; (ii) the benefits of the Rights Issue as compared to other fund raising means; and (iii) that the proposed Rights Issue is the only offer the Company can obtain from financial institutions, we concur with the Directors that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Rights Issue

Set out below are the major terms of the Rights Issue:

Basis of the Rights Issue:	Three Rights Shares for every two Consolidated Shares held on the Record Date
Subscription Price:	HK\$0.15 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	4,999,853,300 Existing Shares (equivalent to 1,249,963,325 Consolidated Shares assuming the Share Consolidation becomes effective)
Number of Rights Shares:	1,874,944,986 Rights Shares (assuming no further Shares will be issued or repurchased on or before the Record Date)

With reference to the Board Letter, Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted. The Directors will allocate the excess Rights

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Shares at their discretion on a fair and equitable basis and as far as practicable on the principles as set out in the sub-section headed “Application for excess Rights Shares” of the Board Letter.

Analysis on the Subscription Price

The Subscription Price of HK\$0.15 represents:

- (a) a discount of approximately 3.85% to the equivalent closing price of HK\$0.156 per Consolidated Share based on the closing price of HK\$0.039 per Existing Share as quoted on the Stock Exchange on the Last Practicable Date;
- (b) a discount of approximately 34.21% to the equivalent closing price of HK\$0.228 per Consolidated Share based on the closing price of HK\$0.057 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation (“**Company LTD Discount**”);
- (c) a discount of approximately 34.78% to the equivalent average closing price of approximately HK\$0.230 per Consolidated Share based on the average closing price per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- (d) a discount of approximately 17.13% to the theoretical ex-rights price of approximately HK\$0.181 per Consolidated Share based on the closing price of HK\$0.057 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation (“**Company LTD TERP Discount**”); and
- (e) a discount of approximately 60.63% to the audited consolidated net asset per Consolidated Share as at 31 March 2017 of approximately HK\$0.381 per Consolidated Share, based on the equity attributable to the owners of the Company of HK\$476,485,000 and 1,249,963,325 Consolidated Shares which are adjusted taking into account the effect of the Share Consolidation.

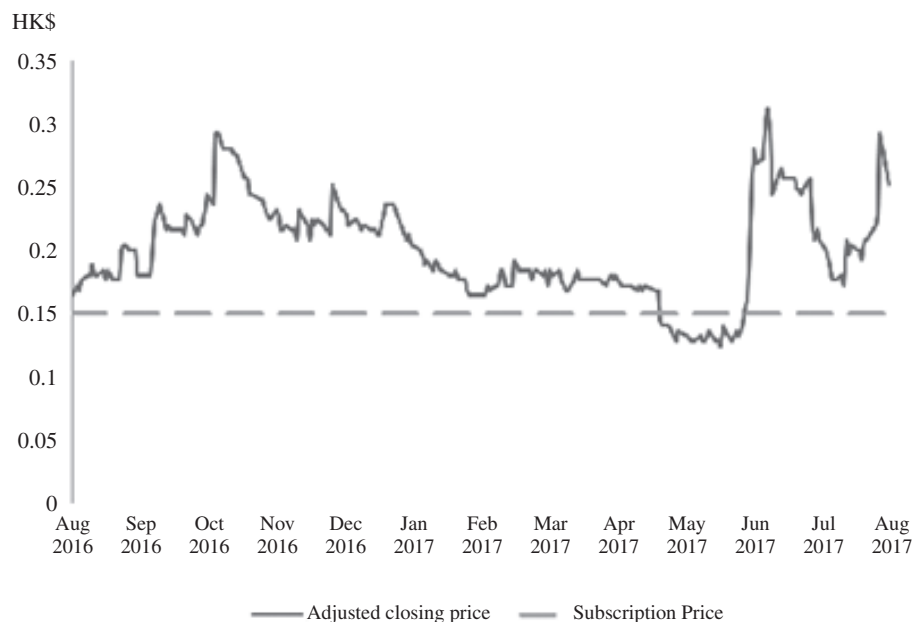
With reference to the Board Letter, the Subscription Price was determined after arm’s length negotiations between the Company and the Underwriter with reference to the market price of the Existing Shares and the prevailing market conditions and taking into consideration the effect of the Share Consolidation. The Directors consider that the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Existing Shares with an objective of encouraging Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net subscription price per Rights Share will be approximately HK\$0.14. Apart from the aforesaid, in coming up with the

LETTER FROM GRAM CAPITAL

current subscription ratio for the Rights Issue and the Subscription Price, the Company has also considered the factors as mentioned in the sub-section headed “Subscription Price” of the Board Letter.

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 1 August 2016 up to and including 14 August 2017 (the “**Review Period**”), being a period of approximately one year prior to and including the Last Trading Day. An approximate one year period is adopted for analysis as (i) it is commonly used for analysis purpose; (ii) a short review period can only demonstrate the share price performance in a limited and specific time which may be affected by specific events; and (iii) the market condition and operating condition of the Company may be substantially different from those conditions one year back, thus a review period over one year may not provide meaningful comparison of the Share price. The comparison of daily closing prices of the Shares and the Subscription Price is illustrated as follows:

Historical daily closing price per Share (adjusted)



Source: the Stock Exchange's website

Note: The historical closing price of Shares was adjusted assuming the Share Consolidation was effective since the beginning of the Review Period

During the Review Period, the lowest and highest adjusted closing prices of the Shares as quoted on the Stock Exchange was HK\$0.124 recorded on 17 May 2017 and HK\$0.312 recorded on 7 June 2017 respectively. The Subscription Price of HK\$0.15 is within the range of the lowest and highest adjusted closing prices of Shares during the Review Period.

LETTER FROM GRAM CAPITAL

The adjusted closing prices of the Shares showed a general increasing trend from August 2016 to October 2016 before falling gradually from October 2016 to May 2017. After reaching their trough on 17 May 2017, the adjusted closing prices of the Shares increased sharply and reached their peak on 7 June 2017. The adjusted closing prices of Shares fluctuated between HK\$0.172 and HK\$0.292 from 8 June 2017 up to the Last Trading Day.

As part of our analysis, we have also searched for the rights issue transactions (the “**Comparables**”) announced from 1 May 2017 up to 14 August 2017 (being the approximate three-month period prior to and including the Last Trading Day) (the “**Comparable Period**”) by companies listed on the Stock Exchange. An approximate three-month period is adopted for analysis so as to reflect the most recent trend of rights issue transactions by different companies under the same/similar recent market condition in the market up to the Last Trading Day (the market sentiment and condition can be different over a three-month period). To the best of our knowledge and as far as we are aware of, we found 8 rights issue transactions during the Comparable Period which met the aforesaid criteria and they are exhaustive as far as we are aware of. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparables and we have not conducted any independent verification with regard to the businesses and operations of the Comparables.

Company name (stock code)	Date of announcement	Premium/(discount) of the subscription price to the closing price per share on the date of announcements in relation to the respective rights issue %	Premium/(discount) of rights price per share based on the closing price per share on the date of announcements in relation to the respective rights issue %	Underwriting commission %	Potential maximum dilution of shareholding (Note 1) %
Theme International Holdings Limited (990)	4 May 2017	(29.91)	(22.28)	Nil	33.33
Kirin Group Holdings Limited (8109)	16 May 2017	(38.05)	(14.95)	1.50	71.43
abc Multiactive Limited (8131)	17 May 2017	(54.55)	(48.98)	HK\$100,000	20.00
Focus Media Network Limited (8112)	29 June 2017	(17.86)	(4.17)	2 and 2.5 (Note 2)	80.00
Beautiful China Holdings Company Limited (706)	19 July 2017	(29.47)	(19.28)	1.5	42.86
V.S. International Group Limited (1002)	19 July 2017	(17.86)	(14.81)	Nil	20.00

LETTER FROM GRAM CAPITAL

Company name (stock code)	Date of announcement	Premium/(discount) of the subscription price to the closing price per share on the date of announcements in relation to the respective rights issue %	Premium/(discount) of rights price per share based on the closing price per share on the date of announcements in relation to the respective rights issue %	Underwriting commission %	Potential maximum dilution of shareholding (Note 1) %
Digital China Holdings Limited (861)	21 July 2017	(29.58)	(25.09)	Nil	20.00
Mega Medical Technology Limited (876)	28 July 2017	26.98	18.94	Nil	25.00
Maximum		26.98	18.94	2.50	80.00
Minimum		(54.55)	(48.98)	Nil	20.00
The Company	14 August 2017	(34.21) <i>(Note 3)</i>	(17.13) <i>(Note 3)</i>	7	60.00

Source: the Stock Exchange's website

Notes:

1. Maximum dilution effect of each rights issue transaction is calculated as: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%
2. 2% and 2.5% respectively for the two underwriters
3. Adjusted for the Share Consolidation

As shown by the above table, the premium/discount as represented by the subscription prices of Comparables to (i) the respective closing prices of their shares on the date of announcements in relation to the respective rights issue ranged from a discount of approximately 54.55% to a premium of approximately 26.98% (the “**LTD Market Range**”); and (ii) the respective theoretical ex-rights prices of their shares on the date of announcements in relation to the respective rights issue ranged from a discount of approximately 48.98% to a premium of approximately 18.94% (the “**TERP Market Range**”). The Company LTD Discount and Company LTD TERP Discount hence fell within the LTD Market Range and TERP Market Range respectively.

Having considered the above and that the Subscription Price is within the range of the lowest and highest adjusted closing prices of Shares during the Review Period, we consider the Subscription Price to be fair and reasonable.

LETTER FROM GRAM CAPITAL

The Underwriting Agreement

On 14 August 2017 (after trading hours), the Company and Emperor Securities entered into the Underwriting Agreement in respect of the underwriting arrangement for the Rights Issue. The Rights Issue is fully underwritten by Emperor Securities pursuant to the Underwriting Agreement. The principal terms of the Underwriting Agreement are as follows:

Date:	14 August 2017
Underwriter:	Emperor Securities
Total number of Rights Shares being underwritten by the Underwriter:	1,874,944,986 Rights Shares (assuming no Shares will be issued or repurchased by the Company on or before the Record Date)
Commission (the “ Commission Rate ”)	Emperor Securities shall receive 7% of the aggregate Subscription Price of the number of Rights Shares underwritten by it

With reference to the Board Letter, the terms of the Underwriting Agreement (including the commission rate) were determined after arm’s length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. Apart from the aforesaid, the Directors (other than the members of the Independent Board Committee) had taken into account the factors as mentioned in the section headed “The Underwriting Agreement” to consider the fairness and reasonableness of the term of the Underwriting Agreement (including the Commission Rate). The Board considers the terms of the Underwriting Agreement including the Commission Rate are fair and reasonable so far as the Company and the Shareholders are concerned.

From the table under the sub-section above regarding the Comparables, we noted that the Commission Rate of 7% falls out of the range of commissions of nil to 2.5% received by underwriters in the Comparables. In this regard, we have enquired into the Directors as for the basis of determination of the Commission Rate. As advised by the Directors, the Commission Rate was determined taking into account, (i) that the closing prices of Shares were volatile in the period prior to the Last Trading Day; (ii) the thin trading volume of the Shares; (iii) the number of Rights Shares being underwritten and the Subscription Price; (iv) the deteriorated financial performance of the Group for the year ended 31 March 2017; and (v) the risk bore by Emperor Securities.

As aforementioned, the adjusted closing prices of Shares fluctuated between HK\$0.172 and HK\$0.292 from 8 June 2017 up to the Last Trading Day. As shown in the above adjusted closing prices chart of the Share, the adjusted closing prices of Shares were volatile from 8 June 2017 up to the Last Trading Day.

LETTER FROM GRAM CAPITAL

As for the trading volume of the Shares, we have performed a trading liquidity analysis of the Shares. The monthly average daily number of the Shares traded, and the respective percentages of the Average Volume as compared to the total number of issued Shares held by the public as at the Last Trading Day; and the total number of issued Shares as at the Last Trading Day during the Review Period are set out as follows:

Month	No. of trading days in each month	Average daily trading volume (the "Average Volume") <i>Number of Shares</i>	% of the Average Volume to total number of issued Shares held by the public as at the Last Trading Day <i>(Note 1)</i> %	% of the Average Volume to total number of issued Shares as at the Last Trading Day <i>(Note 2)</i> %
2016				
August	22	10,931,608	0.27	0.22
September	21	32,575,458	0.82	0.65
October	19	35,068,414	0.88	0.70
November	22	10,433,864	0.26	0.21
December	20	14,681,527	0.37	0.29
2017				
January	19	6,885,316	0.17	0.14
February	20	6,782,000	0.17	0.14
March	23	13,438,001	0.34	0.27
April	17	12,246,647	0.31	0.24
May	20	30,721,000	0.77	0.61
June	22	43,458,541	1.09	0.87
July	21	36,777,560	0.92	0.74
August (up to and including the Last Trading Day)	10	17,037,875	0.43	0.34

Source: the Stock Exchange's website

Notes:

1. Based on 3,976,853,300 Shares held by the public as at the Last Trading Day
2. Based on 4,999,853,300 Shares in issue as at the Last Trading Day

As illustrated from the table above, the monthly average daily trading volume of the Shares was thin during the Review Period. The Average Volume of Shares traded in each month during the entire Review Period was below 1% of (i) the total number of issued Existing Shares as at the Last Trading Day and (ii) the total number of issued Shares held by the public as at the Last Trading Day (save and except for June 2017).

LETTER FROM GRAM CAPITAL

Although the Commission Rate of 7% falls out of the range of commissions of nil to 2.5% received by underwriters in the Comparables, we noticed that the underwriter for the rights issue conducted by Automated Systems Holdings Limited (Stock code: 771) (“**ASH Limited**”) in the first quarter of 2017 charged a commission of HK\$2.55 million for underwriting 20,558,303 rights shares at the subscription price of HK\$1.1 per rights share. Such commission represents a commission rate of approximately 11.3%.

We noticed that (i) the liquidity of ASH Limited’s shares was thin (average daily trading volume was below 1% of the total number of issued shares) during the 1-year period prior to the date of announcement of the aforesaid rights issue (i.e. 12 January 2017); and (ii) the prices of ASH Limited’s shares were also volatile (fluctuated between HK\$0.88 and HK\$1.90 during the 1-year period prior to the date of announcement of the aforesaid rights issue).

The aforesaid rights issue conducted by ASH Limited indicate that there was underwriter who charged a relatively high commission rate.

In conclusion:

- (i) The closing prices of Shares were volatile in the period prior to the Last Trading Day (i.e. from 8 June 2017 up to the Last Trading Day).
- (ii) The trading volume of the Shares was thin during the Review Period.
- (iii) Profit of the Company decreased by approximately 41.92% from FY2015/16 to FY2016/17.
- (iv) The Company conducted another rights issue in 2014 and the rights issue was under-subscribed by approximately 43.11% with reference to the announcement of the Company dated 29 December 2014.
- (v) Circumstances (i) to (iv) above would lead to higher risk for the Underwriter and affect its risk assessment. The Commission Rate was determined after arm’s length negotiation between the Company and the Underwriter.
- (vi) The Company approached other financial institutions and the Rights Issue is the only offer that the Company can obtain. In other words, there is no better term offered by other financial institutions. If the Company do not accept the terms offered by the Underwriter, the Company cannot proceed with the Rights Issue which is in the interests of the Company and the Shareholders as a whole.
- (vii) The underwriting commission will be paid out from the gross proceeds of the Rights Issue. With reference to the Pro Forma Statement (as defined below), the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2017 would be higher as if the Rights Issue had been completed on 31 March 2017.

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(viii) There was underwriter who charged a relatively high commission rate in the market.

Accordingly, we consider the Commission Rate, although falls out of the range of commissions received by underwriters in other Comparables, to be justifiable.

Taking into account the above, we consider that the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Possible dilution of the shareholding interests of the existing public Shareholders

As illustrated above, the potential maximum dilution of the shareholding for the Comparables ranged from 20% to 80% (“**Dilution Market Range**”). The 60% potential maximum dilution of the Rights Issue hence falls within the Dilution Market Range. As aforementioned, the Company LTD TERP Discount of approximately 17.13% also fell within the TERP Market Range which ranged from a discount of approximately 48.98% to a premium of approximately 18.94%.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

As in all other cases of rights issues and open offers, dilution on the shareholdings of those Qualifying Shareholders who do not take up in full their assured entitlements under the Rights Issue is inevitable. Nonetheless, Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. In such case, where all Qualifying Shareholders do not accept the Rights Issue and hence the Underwriter is obligated to take up the unsubscribed Rights Shares, the shareholding interests of the Qualifying Shareholders in the Company will be diluted by a maximum of approximately 47.72 percent point. Details of the dilution effect are presented in the table under the section headed “Shareholding structure of the Company” of the Board Letter.

We are aware of the potential dilution effects as just mentioned. Nonetheless, we consider that the foregoing should be balanced against by the following factors:

- Independent Shareholders are given the chances to express their views on the terms of the Rights Issue and the Underwriting Agreement through their votes at the EGM;
- Qualifying Shareholders have their choices of whether to accept the Rights Issue or not;
- Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market;

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- the Rights Issue offers the Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market prices of the Shares; and
- those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue.

Having considered the above, we consider that the potential dilution to the shareholding interests of the existing public Shareholders in the Company, which may only arise when the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares, is acceptable.

4. Possible financial effects of the Rights Issue

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “**Pro Forma Statement**”) as enlarged by the Rights Issue as at 31 March 2017, which is prepared as if the Rights Issue had been completed on 31 March 2017, is set out under Appendix II to the Circular.

With reference to the Pro Forma Statement, the consolidated net tangible assets of the Group was approximately HK\$430.62 million as at 31 March 2017. According to the Pro Forma Statement, the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2017 would be approximately HK\$688.12 million as if the Rights Issue had been completed on 31 March 2017.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Rights Issue and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The audited financial information of the Group for each of the three years ended 31 March 2015, 2016 and 2017 can be referred to the annual reports of the Company for the years ended 31 March 2015 (<http://www.hkexnews.hk/listedco/listconews/GEM/2015/0609/GLN20150609027.pdf>) (pages 35 to 97), 2016 (<http://www.hkexnews.hk/listedco/listconews/GEM/2016/0629/GLN20160629083.pdf>) (pages 39 to 101) and 2017 (<http://www.hkexnews.hk/listedco/listconews/GEM/2017/0629/GLN20170629305.pdf>) (pages 41 to 107) published on 9 June 2015, and 29 June 2016 and 29 June 2017 respectively. The auditor of the Company has not issued any qualified opinion on the Group's financial statements for the financial years ended 31 March 2015, 2016 and 2017. The unaudited financial information of the Group for the three months ended 30 June 2017 can be referred to the first quarterly report of the Company for the three months ended 30 June 2017 (pages 3 to 9).

The above-mentioned financial information and auditor's reports have been published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.romagroup.com>).

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 August 2017, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had bank borrowings of approximately HK\$50.1 million and finance lease liabilities of approximately HK\$3.2 million.

Securities

As at 31 August 2017, a bank borrowing of HK\$50 million was secured by bank deposits of approximately HK\$54.2 million and another bank borrowing of approximately HK\$0.1 million was guaranteed by Mr. Yue Kwai Wa Ken, the executive Director, and Mr. Luk Kee Yau Kelvin, who was former executive Director.

As at 31 August 2017, finance lease liabilities were secured by the Group's motor vehicles with net book value of approximately HK\$3.9 million.

Contingent Liabilities

As at 31 August 2017, the Group had no material contingent liabilities.

Disclaimers

Save as disclosed above and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills), or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 31 August 2017.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that the Group will, taking into account the net proceeds from the Rights Issue and the financial resources available to the Group, have sufficient working capital for its present operating requirements and for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances.

4. BUSINESS AND FINANCIAL REVIEW

During the year ended 31 March 2017, the Group's provision of valuation and advisory services contributed approximately 67.8% of the total revenue to the Group. Despite the sluggish economy in Hong Kong in 2016, the Group made an effort to maintain a growth trend and recorded a slight increase in revenue generated from the provision of valuation and advisory services of approximately 0.3% as compared with that for the year ended 31 March 2016. 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 32.2% of the total revenue to the Group for the year ended 31 March 2017. With the net proceeds from the rights issue of Shares in December 2014 and the placing of Shares in February 2016, the Group has continue to develop the provision of financing services and maintained its loan portfolio size. During the year ended 31 March 2017, the Group had similar loan portfolio as at the beginning of current financial year, which mainly included, among others, loans secured by charges over equity and properties. In view of the fluctuating property market in Hong Kong and more stringent policies imposed to agents for the financing services industry, the Group's interest income generated from provision of financing services for the year ended 31 March 2017 decreased by approximately 14.9% as compared with that for the year ended 31 March 2016. In addition, the recognition of impairment loss on certain loans and interests receivable significantly increased by approximately 46.2% for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016.

With the continuous expansion of the Group, the Group's employee benefit expenses increased by approximately 6.7% for the year ended 31 March 2017 as compared with that for the year ended 31 March 2016. 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.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In July 2017, the Group has entered into sale and purchase agreements in relation to acquisitions of certain percentage of issued shares of two companies, one of which is licensed by the Securities and Futures Commission of Hong Kong to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading) and type 9 (asset management) regulated activities under the SFO and the other is principally engaged in money lending business. Upon completion of the said acquisitions, the Group will

then have an opportunity to participate in the securities trading industry and to diversify from its existing businesses, and will thereby be able to broaden its sources of income. Besides, the Group can leverage on the extensive network and customer base of the acquired corporations.

The Group proactively explores further merger and acquisition opportunities and/or business collaboration with the aim of maintaining and enhancing the Group's market presence in the industries of its existing businesses.

The Board remains confident on and committed to the continuation of the Company's mission to maintain a leading position in Hong Kong, through dedication, innovation and expansion so as to deliver sustainable growth and profitability to the Group.

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION
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A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited is set out to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as at 31 March 2017, as if it had been completed on 31 March 2017.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed on 31 March 2017 or any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on consolidated net tangible assets of the Group as at 31 March 2017 as extracted from the published annual report of the Company for the year ended 31 March 2017, and the unaudited pro forma adjustments to reflect the effect of the Rights Issue as described below:

	Consolidated net tangible assets of the Group as at 31 March 2017 <i>HK\$'000</i> <i>(Note 1)</i>	Consolidated net tangible assets of the Group per Share as at 31 March 2017 <i>HK\$</i> <i>(Note 2)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after the completion of the Rights Issue <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after the completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
Issue of Rights Shares based on 1,874,944,986 Rights Shares at subscription price of HK\$0.15 per Rights Share	430,624	0.34	257,500	688,124	0.22

Notes:

- (1) The consolidated net tangible assets of the Group as at 31 March 2017 is determined based on the consolidated net assets of approximately HK\$476,485,000 after deducting intangible assets and goodwill of approximately HK\$20,532,000 and HK\$25,329,000, respectively, included in the published annual report of the Company for the year ended 31 March 2017.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (2) The calculation of consolidated net tangible assets of the Group per Consolidated Share is based on the 1,249,963,325 Consolidated Shares in issue as at 31 March 2017 as if the Share Consolidation had become effective as at 31 March 2017.
- (3) The estimated net proceeds from the Rights Issue are calculated based on 1,874,944,986 Rights Shares, derived on the basis of three Rights Shares for every two Consolidated Shares to be held on the Record Date based on 1,249,963,325 Consolidated Shares in issue immediately before the Rights Issue, to be issued at the Subscription Price of HK\$0.15 per Rights Share, after deduction of the estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$23,742,000.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share immediately after the completion of the Rights Issue is calculated based on 3,124,908,311 Consolidated Shares, comprising 1,249,963,325 Consolidated Shares in issue as at 31 March 2017 as if the Share Consolidation had become effective as at 31 March 2017 and 1,874,944,986 Rights Shares expected to be issued on the completion of the Rights Issue.
- (5) No adjustments have been made to reflect any trading results of other transactions of the Group entered into subsequent to 31 March 2017.

The following is the text of a report from BDO Limited, the independent reporting accountants, in respect of the unaudited pro forma financial information of the Group as set out in this appendix and prepared for the sole purpose of inclusion in this circular.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**



BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong
Telephone: (852) 2218 8288
Telefax: (852) 2815 2239

To the directors of Roma Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Roma Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets of the Group as at 31 March 2017 and related notes as set out on pages II-1 to II-2 of the Company’s circular dated 29 September 2017 (the “**Circular**”) in connection with the rights issue on the basis of three rights shares for every two existing share of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on II-1 to II-2 of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Rights Issue on the Group’s consolidated financial position as at 31 March 2017 as if the Rights Issue had taken place at 31 March 2017. As part of this process, information about the Group’s consolidated financial position has been extracted by the directors of the Company from the Group’s consolidated financial statements for the year ended 31 March 2017, on which an audit report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 March 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong

29 September 2017

The following are the particulars of the Directors proposed to be re-elected at the EGM:

(1) Dr. Lam Lee G. (林家禮) (“Dr. Lam”)

Dr. Lam, aged 58, has been appointed as a non-executive Director on 13 September 2017. He has over 30 years of international experience in general management, management consulting, corporate governance, investment banking, direct investment and fund management, across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors.

Dr. Lam is the chairman of Hong Kong Cyberport Management Company Limited and a member of the Committee on Innovation, Technology and Re-Industrialization of the Government of the Hong Kong Special Administrative Region (the “**Hong Kong Government**”).

Dr. Lam holds a Bachelor of Science in sciences and mathematics, a Master of Science in systems science and a Master of Business Administration from the University of Ottawa in Canada, a Master of Laws from the University of Wolverhampton in the United Kingdom, and a Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong.

Dr. Lam is currently a solicitor of the High Court of Hong Kong, an honorary fellow of the Certified Practising Accountants (CPA) Australia, a fellow of the Certified Management Accountants (CMA) Australia, a fellow of the Hong Kong Institute of Arbitrators, an accredited mediator of the Centre for Effective Dispute Resolution (CEDR), and a fellow of the Hong Kong Institute of Directors.

Dr. Lam is an independent non-executive director of each of Capital Strategic Investment Limited (now known as CSI Properties Limited) (stock code: 497) since April 2001, Kamboat Group Company Limited (now known as Vongroup Limited) (stock code: 318) since August 2005, Mei Ah Entertainment Group Limited (stock code: 391) since February 2007, Glorious Sun Enterprises Limited (stock code: 393) since August 2012, Sino Resources Group Limited (now known as Elife Holdings Limited) (stock code: 223) since November 2015, and Haitong Securities Co. Ltd. (stock code: 6837, which is also listed on the Shanghai Stock Exchange (stock code: 600837)) since April 2017, Huarong Investment Stock Corporation Limited (stock code: 2277) since September 2017, and a non-executive director of each of SW Kingsway Capital Holdings Limited (now known as Sunwah Kingsway Capital Holdings Limited) (stock code: 188) since February 2007 and China LNG Group Limited (stock code: 931) since April 2015, the shares of all of which are listed on the main board of the Stock Exchange. He is also an independent non-executive director of Xi’an Haitian Antenna Holdings Co., Ltd. (stock code: 8227) since September 2017, and a non-executive director of National Arts Entertainment and Culture Group Limited (stock code: 8228) since June 2017, the shares of which are listed on GEM.

Dr. Lam is an independent director of Sunwah International Limited (stock code: TSX SWH), the shares of which are listed on the Toronto Stock Exchange. He is also an independent non-executive director of each of Coalbank Limited (now known as AustChina Holdings Ltd) (stock code: ASX AUH), the shares of which are listed on the Australian

Securities Exchange; Asia-Pacific Strategic Investments Limited (stock code: 5RA), Rowsley Limited (stock code: A50) and Top Global Limited (stock code: BHO), the shares of all of which are listed on the Singapore Exchange Limited; and Vietnam Equity Holding (stock code: 3MS), the shares of which are listed on the Börse Stuttgart (a stock exchange in Germany). Besides, he is a non-executive director of Adamas Finance Asia Limited (stock code: ADAM), the shares of which are listed on the London Stock Exchange.

Dr. Lam was a non-executive director of each of Heng Fai Enterprises Limited (now known as ZH International Holdings Limited) (stock code: 185) from July 2014 to July 2015 and UDL Holdings Limited (now known as DTXS Silk Road Investment Holdings Company Limited) (stock code: 620) from October 2015 to December 2015, the shares of both of which are listed on the main board of the Stock Exchange. He was also an independent non-executive director of each of Far East Technology International Limited (now known as Far East Holdings International Limited) (stock code: 36) from September 2004 to October 2014, Hutchison Harbour Ring Limited (now known as China Oceanwide Holdings Limited) (stock code: 715) from September 2004 to December 2014, Imagi International Holdings Limited (stock code: 585) from May 2010 to January 2016 and Mingyuan Medicare Development Company Limited (stock code: 233) from September 2014 to May 2015, the shares of all of which are listed on the main board of the Stock Exchange. He was an independent non-executive director of Ruifeng Petroleum Chemical Holdings Limited (stock code: 8096) from July 2014 to March 2015, the shares of which had been delisted from GEM in February 2017. Besides, during the period from October 2007 to June 2017, he was an independent non-executive director of Vietnam Property Holding, which has been merged into Vietnam Equity Holding in June 2017.

Dr. Lam has entered into a letter of appointment with the Company for a term of three years with effect from 13 September 2017, provided that either party may terminate such service agreement at any time by giving at least three months' notice in writing and being subject to retirement by rotation and re-election pursuant to the articles of association of the Company. Pursuant to the letter of appointment, Dr. Lam is entitled to a remuneration of HK\$20,000 per month, which is determined and will be reviewed annually by the remuneration committee of the Company and the Board with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation.

Save as disclosed above, Dr. Lam has not held other directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not hold any other position within the Group.

Dr. Lam does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. Lam did not have any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the re-election of Dr. Lam as a Director that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

(2) Ms. Li Tak Yin (李德賢) (“Ms. Li”)

Ms. Li, aged 36, has been appointed as an independent non-executive Director on 13 September 2017. She has over 10 years of experience in sales and marketing. She has joined Unisto Ltd., a company based in Switzerland, as a sales executive, then promoted as a sales manager, and was later promoted as the sales manager of the Asia region. She is responsible for the sales and marketing of name badge section in the Asian market. Ms. Li holds a Bachelor of Arts (Hons) in marketing from The Hong Kong Polytechnic University.

Ms. Li has entered into a letter of appointment with the Company for a term of three years with effect from 13 September 2017, provided that either party may terminate such service agreement at any time by giving at least three months’ notice in writing and being subject to retirement by rotation and re-election pursuant to the articles of association of the Company. Pursuant to the letter of appointment, Ms. Li is entitled to a remuneration of HK\$10,000 per month, which is determined and will be reviewed annually by the remuneration committee of the Company and the Board with reference to her duties and responsibilities with the Company, the Company’s performance and the prevailing market situation.

Ms. Li has not held other directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Save as disclosed above, she does not hold any other position within the Group.

Ms. Li does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Li did not have any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the re-election of Ms. Li as a Director that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the Share Consolidation and Increase in Authorised Share Capital becoming effective and completion of the Rights Issue (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) were and will be as follows:

As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Existing Shares at nominal value of HK\$0.016 each	<u>80,000,000.00</u>

Issued and fully-paid or credited as fully-paid:

<u>4,999,853,300</u>	Existing Shares at nominal value of HK\$0.016 each	<u>79,997,652.80</u>
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Immediately following the Share Consolidation and the Increase in Authorised Share Capital becoming effective and the completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>9,000,000,000</u>	Consolidated Shares at nominal value of HK\$0.064 each	<u>576,000,000.00</u>

Issued and fully-paid or credited as fully-paid:

1,249,963,325	Consolidated Shares at nominal value of HK\$0.064 each as at the Latest Practicable Date	79,997,652.80
<u>1,874,944,986</u>	Rights Shares at nominal value of HK\$0.064 each to be issued	<u>119,996,479.10</u>
<u>3,124,908,311</u>	Consolidated Shares at nominal value of HK\$0.064 each upon completion of the Rights Issue	<u>199,994,131.90</u>

All the Shares in issue and the Rights Shares (when allotted and fully-paid) to be issued rank pari passu with each other in all respects including as regards to dividends and voting rights. The Rights Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company does not have any outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the existing Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there is no arrangement under which future dividends are/will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, 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 they were 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.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as the Directors are aware, the interests or short positions owned by the following party (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 shareholder	Capacity/nature of interest	Number of Shares	Approximate percentage of interest
Emperor Capital Group Limited (<i>Note 1</i>)	Interest of controlled corporation	1,874,944,986	60.00%
Albert Yeung Holdings Limited (<i>Note 2</i>)	Interest of controlled corporation	1,874,944,986	60.00%
STC International Limited (<i>Note 3</i>)	Trustee	1,874,944,986	60.00%
Dr. Yeung Sau Shing, Albert (<i>Note 4</i>)	Founder of discretionary trust	1,874,944,986	60.00%
Luk Siu Man, Semon (<i>Note 5</i>)	Interest of spouse	1,874,944,986	60.00%
Get Nice Securities Limited (<i>Note 6</i>)	Beneficial owner	375,000,000	12.00%
Get Nice Incorporated (<i>Note 6</i>)	Interest of controlled corporation	375,000,000	12.00%
Get Nice Financial Group Limited (<i>Note 6</i>)	Interest of controlled corporation	375,000,000	12.00%
Get Nice Holdings Limited (<i>Note 6</i>)	Interest of controlled corporation	375,000,000	12.00%
Aperto	Beneficial owner	1,023,000,000 (<i>Note 7</i>)	20.46%
Mr. Luk Kee Yan Kelvin (“ Mr. Luk ”)	Interest of a controlled corporation	1,023,000,000 (<i>Note 7</i>)	20.46%

Notes:

1. In accordance with the SFO, Emperor Securities, being the Underwriter, has a total interest in 1,874,944,986 Consolidated Shares pursuant to the Underwriting Agreement. Emperor Securities is an indirect wholly-owned subsidiary of Emperor Capital Group Limited.
2. Albert Yeung Holdings Limited was a controlling shareholder of Emperor Capital Group Limited.

3. STC International Limited was the trustee of the Albert Yeung Discretionary Trust and a controlling shareholder of Albert Yeung Holdings Limited.
4. Yeung Sau Shing, Albert was the founder of The Albert Yeung Discretionary Trust.
5. Luk Siu Man, Semon was the spouse of Yeung Sau Shing, Albert.
6. Based on the notices of disclosure of interests of Get Nice Securities Limited, Get Nice Incorporated, Get Nice Financial Group Limited and Get Nice Holdings Limited filed with the Stock Exchange, Get Nice Securities Limited is interested in 375,000,000 Consolidated Shares by virtue of its sub-underwriting commitment of these Consolidated Shares. Get Nice Securities Limited is wholly-owned by Get Nice Incorporated, Get Nice Incorporated is wholly-owned by Get Nice Financial Group Limited, and Get Nice Financial Group Limited is owned as to 72.99% by Get Nice Holdings Limited.
7. The entire issued share capital of Aperto is legally and beneficially owned by Mr. Luk who resigned as an executive Director, the chairman of the Board and the chief executive officer of the Company, on 20 April 2017. Under the SFO, Mr. Luk is deemed to be interested in all the Shares held by Aperto.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any parties (other than a Director or the chief executive of the Company) in the Shares or underlying Shares, which were required (a) to be disclosed 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation)).

5. EXPERTS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualifications
BDO Limited	Certified Public Accountants
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their letters or their names in the form and context in which they appear.

Each of the above experts does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, either directly or indirectly, in any assets which had been since 31 March 2017 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware of, no member of the Group was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, 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.

8. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2017 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2017, being the date to which the latest published audited financial statements of the Group were made up.

10. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$23.7 million, which are payable by the Company.

11. CORPORATE INFORMATION

Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	22/F., China Overseas Building 139 Hennessy Road Wanchai, Hong Kong
Executive Directors	Dr. Cheung Wai Bun Charles, <i>J.P.</i> Flat A2, 6/F, Evergreen Villa 43 Stubbs Road Hong Kong Ms. Chan Hong Nei Connie 19A, The Gracedale 23 Yuk Sau Street Happy Valley Hong Kong Mr. Yue Kwai Wa Ken Flat B, 16/F, Po Wah Court 29 Yuk Sau St Hong Kong
Non-Executive Director	Dr. Lam Lee G. Flat A, 33/F, Block 1, Estoril Court 55 Garden Rd Hong Kong Mr. Ng Man Kung Flat D, 5/F, Ewan Court 54–56 Kennedy Road Wanchai Hong Kong Mr. So Wing On Flat A, 11/F, Block 8 Provident Centre, 35 Wharf Road North Point Hong Kong Mr. Yim Wai Ning Flat F, 22/F, Fu Wai Court Fortress Hill Road North Point Hong Kong

Independent Non-Executive Directors	Mr. Choi Wai Tong Winton 上海市徐匯區賓陽路62弄2號1205室
	Mr. Ko Wai Lun Warren 15/F, Villa Elegance No.1 Robinson Road Mid Levels, Hong Kong
	Ms. Li Tak Yin Flat B, 22/F, Sunningdale, 193 Sai Yee St Mong Kok, KLN
	Mr. Wong Tat Keung Flat F, 30th Floor, Block 1 Metro Harbour View 8 Fuk Lee Street Tai Kok Tsui Kowloon, Hong Kong
Company secretary	Mr. Yue Kwai Wa Ken, <i>AICPA</i> Flat B, 16/F, Po Wah Court 29 Yuk Sau St Hong Kong
Authorised representatives	Ms. Chan Hong Nei Connie 19A, The Gracedale 23 Yuk Sau Street Happy Valley Hong Kong
	Mr. Yue Kwai Wa Ken Flat B, 16/F, Po Wah Court 29 Yuk Sau St Hong Kong
Compliance officer	Mr. Yue Kwai Wa Ken Flat B, 16/F, Po Wah Court 29 Yuk Sau St Hong Kong
Auditor	BDO Limited Certified Public Accountants 25/F., Wing On Centre 111 Connaught Road Central Hong Kong

Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1st Floor Tower 2 HSBC Centre 1 Sham Mong Road Kowloon Hong Kong China Construction Bank (Asia) Corporation Limited Suite 2508-14 25/F Tower 6 The Gateway Harbour City Kowloon Hong Kong

12. PARTIES INVOLVED IN THE RIGHTS ISSUE

Underwriter	Emperor Securities Limited 23th to 24th Floor Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
Financial adviser to the Company	Emperor Capital Limited 28/F, Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong

Independent Financial Adviser	Gram Capital Limited Room 1209, 12th Floor, Nan Fung Tower 88 Connaught Road Central 173 Des Voeux Road Central Hong Kong
Legal advisers to the Company	<i>as to Hong Kong law</i> Vivien Teu & Co. in association with Llinks Law Offices Suite 1503–1504, 1511, 15/F ICBC Tower, 3 Garden Road Central, Hong Kong <i>as to Cayman Islands law</i> Conyers Dill & Pearman 29th Floor One Exchange Square 8 Connaught Place Central, Hong Kong
Reporting accountant	BDO Limited Certified Public Accountants 25/F., Wing On Centre 111 Connaught Road Central Hong Kong

13. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Cheung, Wai Bun Charles, J.P. (張惠彬), aged 81, has been appointed as an executive Director and chairman of the Board on 2 June 2017. Dr. Cheung obtained an honorary doctorate degree in business administration from John Dewey University in the United States in December 1984, a master's degree in business administration and a bachelor of science degree in accounts and finance from New York University in the United States in June 1962 and February 1960 respectively. Dr. Cheung has appropriate professional accounting or related financial management expertise and is currently a director and the vice chairman of executive committee of Metropolitan Bank (China) Ltd., and he was formerly an independent non-executive director and the director general of the audit committee of China Resources Bank of Zhuhai Co. Ltd. Dr. Cheung is a member of the Hospital Governing Committee of Hong Kong Eye Hospital and Kowloon Hospital and a member of the Regional Advisory Committee of Kowloon of the Hospital Authority. Dr. Cheung is a council member of the Hong Kong Institute of Directors. He is currently an independent non-executive director of the following companies whose shares are listed on the main board of the Stock Exchange or GEM (as the case may be):

- Pioneer Global Group Limited (Stock code: 224);

- China Financial International Investments Limited (formerly known as Sunshine Capital Investments Group Limited) (Stock code: 721);
- Universal Technologies Holdings Limited (Stock code: 1026);
- Modern Dental Group Limited (Stock code: 3600);
- Jiayuan International Group Limited (Stock code: 2768);
- China Taifeng Beddings Holdings Limited (Stock code: 873); and
- Yin He Holdings Limited (formerly known as Zebra Strategic Holdings Limited) (Stock code: 8260).

Dr. Cheung is also a non-executive director of Galaxy Entertainment Group Limited, whose shares are listed on the Stock Exchange (Stock code: 27) since 2015. He was formerly an independent non-executive director of Grand T G Gold Holdings Limited, whose shares are listed on GEM (Stock code: 8299) from July 2009 to March 2016 and Shanghai Electric Group Company Limited, whose shares are listed on the Stock Exchange (Stock code: 2727) from November 2004 to February 2014.

Ms. Chan, Hong Nei Connie (陳康妮), aged 35, has been appointed as an executive Director and a member of each of the remuneration committee and nomination committee of the Company on 20 April 2017. Ms. Chan is the chief financial officer of the Group and is also a director of a number of subsidiaries of the Company. Ms. Chan obtained a bachelor's degree in accountancy from The City University of Hong Kong in November 2005. Ms. Chan has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since September 2010. Ms. Chan has approximately 10 years of experience in accounting, auditing and corporate finance. She joined Deloitte Touche Tohmatsu, an international accounting firm in August 2005 initially as staff accountant and was promoted to associate in September 2006, to senior associate in October 2007 and finally to manager in October 2010 until she left in December 2010. She then worked in Quam Capital Limited from December 2010 to February 2014 and her last position held was manager of finance advisory department. She was mainly responsible for the provision of advisory services to enterprises in Hong Kong and the People's Republic of China (the "PRC"), including initial public offerings on the GEM and on the main board of the Stock Exchange, takeovers, disposals and acquisitions of assets and corporate restructuring of listed companies. Ms. Chan has been appointed as a non-executive director of Season Pacific Holdings Limited, shares of which are listed on GEM (Stock code: 8127) since June 2015.

Mr. Yue, Kwai Wa Ken (余季華), aged 52, has been appointed as an executive Director on 18 March 2011. Mr. Yue is the company secretary and the compliance officer of the Company and is also a director of a number of subsidiaries of the Company. Mr. Yue was redesignated as the chairman of the Board for the period from 20 April 2017 to 1 June 2017 and the chief executive officer of the Group for the period from 20 April 2017 to 4 June 2017. Mr. Yue obtained a diploma of technology in financial management accounting option from the British Columbia Institute of Technology in Canada and a

bachelor degree of science in accounting from Upper Iowa University of the United States. He is a member of the American Institute of Certified Public Accountants and a fellow member of the Colorado State Society of Certified Public Accountants. Mr. Yue has over 20 years of experience in accounting and finance. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited (Stock code: 3838) since 5 September 2007 and Major Holdings Limited (Stock code: 1389) since 30 December 2013. With effect from 6 November 2015, Mr. Yue has been appointed as an independent non-executive director of Manfield Chemical Holdings Limited (Stock code: 1561). Mr. Yue was the executive director of Legend Strategy International Holdings Group Company Limited (Stock code: 1355) between 4 July 2014 and 18 November 2014. Shares of the abovementioned companies are listed on the Stock Exchange.

Non-executive Director

Dr. Lam Lee G. (林家禮), aged 58, has been appointed as a non-executive Director on 13 September 2017. He has over 30 years of international experience in general management, management consulting, corporate governance, investment banking, direct investment and fund management, across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors.

Dr. Lam is the chairman of Hong Kong Cyberport Management Company Limited and a member of the Committee on Innovation, Technology and Re-Industrialization of the Government of the Hong Kong Special Administrative Region (the “**Hong Kong Government**”).

Dr. Lam holds a Bachelor of Science in sciences and mathematics, a Master of Science in systems science and a Master of Business Administration from the University of Ottawa in Canada, a Master of Laws from the University of Wolverhampton in the United Kingdom, and a Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong.

Dr. Lam is currently a solicitor of the High Court of Hong Kong, an honorary fellow of the Certified Practising Accountants (CPA) Australia, a fellow of the Certified Management Accountants (CMA) Australia, a fellow of the Hong Kong Institute of Arbitrators, an accredited mediator of the Centre for Effective Dispute Resolution (CEDR), and a fellow of the Hong Kong Institute of Directors.

Dr. Lam is an independent non-executive director of each of Capital Strategic Investment Limited (now known as CSI Properties Limited) (stock code: 497) since April 2001, Kamboat Group Company Limited (now known as Vongroup Limited) (stock code: 318) since August 2005, Mei Ah Entertainment Group Limited (stock code: 391) since February 2007, Glorious Sun Enterprises Limited (stock code: 393) since August 2012, Sino Resources Group Limited (now known as Elife Holdings Limited) (stock code: 223) since November 2015, and Haitong Securities Co. Ltd. (stock code: 6837, which is also listed on the Shanghai Stock Exchange (stock code: 600837)) since April 2017, Huarong Investment Stock Corporation Limited (stock code: 2277) since September 2017 and a non-executive director of each of SW Kingsway Capital Holdings Limited (now known as

Sunwah Kingsway Capital Holdings Limited) (stock code: 188) since February 2007 and China LNG Group Limited (stock code: 931) since April 2015, the shares of all of which are listed on the main board of the Stock Exchange. He is also an independent non-executive director of Xi'an Haitian Antenna Holdings Co., Ltd. (stock code: 8227) since September 2017, a non-executive director of National Arts Entertainment and Culture Group Limited (stock code: 8228) since June 2017, the shares of which are listed on GEM.

Dr. Lam is an independent director of Sunwah International Limited (stock code: TSX SWH), the shares of which are listed on the Toronto Stock Exchange. He is also an independent non-executive director of each of Coalbank Limited (now known as AustChina Holdings Ltd) (stock code: ASX AUH), the shares of which are listed on the Australian Securities Exchange; Asia-Pacific Strategic Investments Limited (stock code: 5RA), Rowsley Limited (stock code: A50) and Top Global Limited (stock code: BHO), the shares of all of which are listed on the Singapore Exchange Limited; and Vietnam Equity Holding (stock code: 3MS), the shares of which are listed on the Börse Stuttgart (a stock exchange in Germany). Besides, he is a non-executive director of Adamas Finance Asia Limited (stock code: ADAM), the shares of which are listed on the London Stock Exchange.

Dr. Lam was a non-executive director of each of Heng Fai Enterprises Limited (now known as ZH International Holdings Limited) (stock code: 185) from July 2014 to July 2015 and UDL Holdings Limited (now known as DTXS Silk Road Investment Holdings Company Limited) (stock code: 620) from October 2015 to December 2015, the shares of both of which are listed on the main board of the Stock Exchange. He was also an independent non-executive director of each of Far East Technology International Limited (now known as Far East Holdings International Limited) (stock code: 36) from September 2004 to October 2014, Hutchison Harbour Ring Limited (now known as China Oceanwide Holdings Limited) (stock code: 715) from September 2004 to December 2014, Imagi International Holdings Limited (stock code: 585) from May 2010 to January 2016 and Mingyuan Medicare Development Company Limited (stock code: 233) from September 2014 to May 2015, the shares of all of which are listed on the main board of the Stock Exchange. He was an independent non-executive director of Ruifeng Petroleum Chemical Holdings Limited (stock code: 8096) from July 2014 to March 2015, the shares of which had been delisted from GEM in February 2017. Besides, during the period from October 2007 to June 2017, he was an independent non-executive director of Vietnam Property Holding, which has been merged into Vietnam Equity Holding in June 2017.

Mr. Ng, Man Kung (吳文拱), aged 66, has been appointed as a non-executive Director on 24 August 2017. Mr. Ng has been over 20 years of experience in senior management positions in the banking industry in Hong Kong. He was appointed as the managing director and general manager of Chiyu Banking Corporation Limited in 1992 and the vice-chairman and chief executive of Chiyu Banking Corporation Limited in 2001. He retired from Chiyu Banking Corporation Limited in 2012. Mr. Ng graduated from the Hong Kong Polytechnic University with an attendance certificate in banking.

Mr. Ng has been an independent non-executive director of Fujian Holdings Limited (stock code: 181) since 30 June 2014, ELL Environmental Holdings Limited (stock code: 1395) since 5 September 2014, Global Tech (Holdings) Limited (stock code: 143) (currently named as Guoan International Limited) since 11 March 2016, Topsearch International (Holdings) Limited (currently known as China HKBridge Holdings Limited) (stock code: 2323) since 22 March 2016, and Shanghai Zendai Property Limited (stock code: 755) since 25 May 2017, all being companies listed on the Stock Exchange.

Mr. So, Wing On (蘇永安), aged 67, has been appointed as a non-executive Director on 24 August 2017. Mr. So possesses over 20 years of experience in the logistics industry. He is the chairman of the board of Risetech International Logistics Group Limited. He founded Risetech Shipping International Limited, Risetech Container Lines Limited, Risetech Airfreight Logistics Limited, and also Anji Chuanda Logistics (Wharf) Co., Ltd.[#] (安吉川達物流(碼頭)有限公司). He has served as honorary chairman of Hong Kong Logistics Association and vice chairman of Hong Kong Sea Transport and Logistics Association.

Mr. So is currently a member of Hong Kong Trade Development Council Logistics Services Advisory Committee, honorary chairman of the Taiwan Business Association (HK) Ltd..

Mr. So was awarded the World Outstanding Chinese Award (2004). He was also a director of Po Leung Kuk in Hong Kong.

Mr. Yim, Wai Ning (閻偉寧), aged 57, has been appointed as a non-executive Director on 2 June 2017. Mr. Yim has over 30 years of experience in the import and export trade. He is currently a member of 中國寧夏回族自治區港澳區政協 (transliterated as Chinese People's Political Consultative Conference of the Ningxia Hui Autonomous Region in Hong Kong and Macau) and on member of the standing executive committee of the 中國和平統一促進會香港總會 (transliterated as Hong Kong Association for the Promotion of Peaceful Reunification of the PRC).

Independent Non-executive Directors

Mr. Choi, Wai Tong Winton (蔡偉棠), aged 42, has been appointed as an independent non-executive Director on 16 June 2017. He is the chairman of the nomination committee and a member of each of the audit committee and the remuneration committee of the Company. Mr. Choi holds a bachelor's degree in Engineering and a master's degree in Technology Management from The Hong Kong University of Science and Technology. He has about 19 years of experience in the field of information technology and digital business development. Mr. Choi is currently a digital director of a company, which is a total marketing solution provider in the PRC mainly serving first tier luxury and premium brand.

Mr. Ko, Wai Lun Warren (高偉倫), aged 49, was appointed as an independent non-executive Director on 6 March 2014. He is the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company. Mr. Ko was educated in Canada and England. He obtained his bachelor of

science degree from the Simon Fraser University in Canada and bachelor of laws degree from the University of Leeds in England. Mr. Ko was a partner of Richards Butler, an international law firm, between 2001 and 2005. He is currently a partner at the law firm, Robertsons and specialises in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Mr. Ko is qualified to practise law in both England and Wales and Hong Kong. Mr. Ko is an independent non-executive director of each of Li Heng Chemical Fibre Technologies Limited whose shares are listed on Singapore Exchange Securities Trading Limited and China Bio Cassava Holdings Limited whose shares are listed on GEM (Stock code: 8129). Mr. Ko was a non-executive director of Global Tech (Holdings) Limited whose shares are listed on the main board of the Stock Exchange (Stock code: 143) and the Singapore Exchange Securities Trading Limited between 26 September 2003 and 11 March 2016.

Ms. Li Tak Yin (李德賢), aged 36, has been appointed as an independent non-executive Director on 13 September 2017. She has over 10 years of experience in sales and marketing. She has joined Unisto Ltd., a company based in Switzerland, as a sales executive, then promoted as a sales manager, and was later promoted as the sales manager of the Asia region. She is responsible for the sales and marketing of name badge section in the Asian market. Ms. Li holds a Bachelor of Arts (Hons) in marketing from The Hong Kong Polytechnic University.

Mr. Wong, Tat Keung (黃達強), aged 46, was appointed as an independent non-executive Director on 2 March 2016. He is the chairman of the audit committee and a member of each of the remuneration committee and the nomination committee of the Company. Mr. Wong is a holder of a master's degree in business administration (financial services) from the University of Greenwich. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and has more than 20 years of experience in audit, taxation, accounting and business advisory. He was the proprietor of Aston Wong & Co., Certified Public Accountants practising in Hong Kong. Since 2010, he has been a director of his own corporate practice, namely: Aston Wong CPA Limited. Mr. Wong has been appointed as an independent non-executive director of Singapore Development Limited whose shares are listed on Singapore Exchange Securities Trading Limited since 27 January 2017. Mr. Wong was an independent non-executive director of ZH International Holdings Limited whose shares are listed on the Stock Exchange (Stock code: 185) between 7 December 2009 and 27 July 2015.

14. AUDIT COMMITTEE

The audit committee of the Company (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, which was revised on 17 March 2016. 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. 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. Choi Wai Tong Winton, Mr. Ko Wai Lun Warren 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.

15. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding up to and including the Latest Practicable Date and were or might be material:

- i) the sale and purchase agreement dated 20 January 2016 entered into between Charming Global Group Limited (a wholly-owned subsidiary of the Company) and New Valiant Limited in relation to acquisition of 19.9% of the issued shares of Greater China Appraisal Limited;
- ii) the placing agreement dated 28 January 2016 entered into between the Company and Emperor Securities Limited in relation to the placing of a maximum of 724,000,000 new shares under general mandate;
- iii) the sale and purchase agreement dated 27 July 2017 entered into between Glorious Sky Group Limited (a wholly-owned subsidiary of the Company) and Mr. Yeung Ping Kwan in relation to the acquisition of 5,000 issued shares of GS Credit Limited;
- iv) the sale and purchase agreement dated 27 July 2017 entered into between Glorious Sky Group Limited (a wholly-owned subsidiary of the Company), Glory Sky Group and Mr. Yeung Ping Kwan in relation to the acquisition of 28,000,000 issued shares of Glory Sky Global Markets Limited; and
- v) the Underwriting Agreement.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at 22/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for each of the three years ended 31 March 2015, 2016 and 2017;
- (c) the first quarterly report of the Company for the three months ended 30 June 2017;
- (d) the letter from the Independent Board Committee, the text of which is set out on page 29 of this circular;
- (e) the letter of advice from Gram Capital, the text of which is set out on pages 30 to 44 of this circular;
- (f) the accountant's report from BDO Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (g) the written consents referred to in the paragraph headed "Experts" in this appendix;
- (h) the material contracts referred to in the paragraph headed "Material contracts" in this appendix; and
- (i) this circular.

17. GENERAL

This circular, the notice of EGM and the accompanying proxy form are prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

NOTICE OF EGM



ROMA ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8072)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Roma Group Limited (the “**Company**”) will be held at 11:00 a.m. on Wednesday, 18 October 2017 at 22/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of and permission to deal in the Consolidated Shares (as defined below), with effect from the business day immediately following the date of passing this resolution:
 - (a) every four (4) issued and unissued shares of HK\$0.016 each in the capital of the Company (the “**Share(s)**”) be consolidated into one (1) share of HK\$0.064 each (the “**Consolidated Share(s)**”) in the share capital of the Company (the “**Share Consolidation**”); and
 - (b) the directors of the Company (the “**Director(s)**”) be and are hereby authorized generally to sign, execute and deliver such documents (including the affixation of the common seal of the Company where required) and do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Share Consolidation.”
2. “**THAT** conditional upon (i) resolution 1 as set out in this notice being approved; and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of and permission to deal in the Consolidated Shares, with effect from the business day immediately following the date of passing the resolution 1:
 - (a) the authorised share capital of the Company be increased from HK\$80,000,000 divided into 1,250,000,000 Consolidated Shares of par value HK\$0.064 each to HK\$576,000,000 divided into 9,000,000,000 Consolidated Shares by the creation of an additional 7,750,000,000 Consolidated Shares (the “**Increase in Authorised Share Capital**”); and

* For identification purpose only

NOTICE OF EGM

- (b) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute for and on behalf of the Company, including under seal where applicable, all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”
3. **“THAT** conditional upon (i) resolution 1 and resolution 2 as set out in this notice being approved; (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of and permission to deal in the Rights Shares (as defined below) (in their nil-paid and fully-paid forms); and (iii) the filing and registration of all documents relating to the Rights Issue required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance in Hong Kong:
- (a) the entering into and the terms and conditions of the underwriting agreement (the **“Underwriting Agreement”**) dated 14 August 2017 (as supplemented on 28 September 2017) in respect of the Rights Issue (as defined below) entered into between the Company and Emperor Securities Limited (together, the **“Underwriter”**) (a copy of which has been produced to the Meeting marked **“A”** and signed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder (including but not limited to the underwriting of the Rights Shares by the Underwriter) be and are hereby approved, confirmed and ratified;
- (b) the issue by way of rights (the **“Rights Issue”**) of 1,874,944,986 Consolidated Shares (**“Rights Shares”**) at a subscription price of HK\$0.15 per Rights Share to the shareholders of the Company (the **“Shareholders”**) whose names shall appear on the register of members of the Company at the close of business on 26 October 2017 (the **“Qualifying Shareholders”**), or such other date as the Company and the Underwriter may agree as the record date for determination of the entitlements of the Shareholders to the Rights Issue (the **“Record Date”**) (excluding those Shareholders (the **“Non-Qualifying Shareholders”**) whose addresses on the register of members of the Company are outside Hong Kong on the Record Date in respect of whom the Directors, after making relevant enquiries, consider it necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s)), on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date and pursuant to the terms and conditions as set out in the Underwriting Agreement be and is hereby approved;

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- (c) any Director be and is hereby authorized to issue and allot the Rights Shares pursuant to and in connection with the Rights Issue notwithstanding that (i) the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorized to make such exclusions or other arrangements in relation to fractional entitlements and/or Non-Qualifying Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong; (ii) the Rights Shares which would otherwise have been made available for application by the Qualifying Shareholders or the Non-Qualifying Shareholders (as the case may be) will be made available for subscription under forms of application for excess Rights Shares; and
- (d) any Director be and is hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder.”
4. To re-elect the following retiring Directors:
- a. Dr. Lam Lee G. as a non-executive Director; and
 - b. Ms. Li Tak Yin as an independent non-executive Director.

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

Hong Kong, 29 September 2017

Registered Office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*
22/F., China Overseas Building
139 Hennessy Road
Wanchai, Hong Kong

Notes:

1. A form of proxy for use at the EGM is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hands of any officer or attorney duly authorised.

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3. Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the Meeting or any adjournment thereof should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. The votes to be taken at the meeting for the resolution will be by way of a poll.
8. The register of members of the Company will be closed from Friday, 13 October 2017 to Wednesday, 18 October 2017 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 October 2017.