

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult a licensed securities dealer, or registered institution in securities, bank manager, solicitor, certified public 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, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY
ONE (1) EXISTING SHARE HELD ON THE RECORD DATE;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



**英皇融資有限公司
Emperor Capital Limited
Underwriter to 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**



A notice convening the EGM to be held at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong at 2:30 p.m. on Wednesday, 10 March 2021 is set out on pages EGM-1 to EGM-3 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, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. no later than 2:30 p.m. on Monday, 8 March 2021) 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 if you so wish and in such event, the form of proxy shall be deemed to be revoked.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to the Latest Time for Termination to terminate the obligations of the Underwriter thereunder 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 14 to 16 of this Circular. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 16 to 17 of this Circular being fulfilled or waived (as applicable). If such conditions have not been satisfied or waived (as the case may be) in accordance with the Underwriting Agreement on or before the time and dates specified therein, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the novel coronavirus (COVID-19) pandemic, the following precautionary measures will be implemented at the EGM:

- (1) Compulsory body temperature screening/checks;
- (2) Compulsory wearing of surgical face mask;
- (3) No provision of food or beverages and no distribution of gifts.
- (4) Number of people in each room limited to four or any other number legitimately allowed.

For the health and safety of Shareholders, the Company would strongly encourage Shareholders to exercise their rights to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the EGM in person.

* For identification purpose only

CHARACTERISTICS OF GEM

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

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

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RESCISSION AND TERMINATION OF THE UNDERWRITING AGREEMENT

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

- (1) 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 Underwriting Agreement;
- (2) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing, before and/or after the signing of the Underwriting Agreement and/or continuing after the signing of the Underwriting Agreement) of a social, 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;
- (3) 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;
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, act of terrorism, strike or lock-out;
- (5) the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (6) any change or any development involving a prospective change or any event or circumstance likely to result in a change or 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;
- (7) the 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 hereof been publicly announced or published by the Company in compliance with the GEM Listing Rules;
- (8) any order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

RESCISSION AND TERMINATION OF THE UNDERWRITING AGREEMENT

- (9) any litigation, dispute, legal action, arbitration, proceeding or claim of any third party being threatened or instigated against any member of the Group; or
- (10) a creditor takes possession of all or a material part of the business or asset of any member of the Group or any execution or other legal process is enforced against all or a material part of the business or assets of any member of the Group and is not discharged within (7) days or such longer period as the Underwriter may approve,

which, individually or in aggregate, in the absolute opinion of the Underwriter:

- (a) has had or is/are 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) is/are 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 notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) 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 the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

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

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

PRECAUTIONARY MEASURES FOR THE EGM

In consideration of the control and prevent of spreading of novel coronavirus disease (“COVID-19”) pandemic, the following precautionary measures will be implemented at the EGM so as to safeguard the health and safety of the Shareholders who might be attending the EGM in person:

Voting by proxy in advance of the EGM: The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of Shareholders, the Company would strongly encourage Shareholders to exercise their rights to vote at the EGM by appointing the Chairman of the EGM as their proxy instead of attending the EGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders’ rights. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.

Completed forms of proxy must be returned to the Hong Kong branch share registrar of the Company, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM and any adjourned meeting thereof.

Shareholders are strongly encouraged to cast their votes by submitting a form of proxy and appointing the Chairman of the EGM as their proxy.

Taking into account the guidelines mentioned in the “Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation” published by the Securities and Futures Commission and the Stock Exchange on 1 April 2020, the Company will also implement the following additional precautionary measures at the EGM to ensure the health and safety of the attendees at the EGM:

- (1) Compulsory body temperature screening/checks will be carried out on every attendee before registration at the entrance of 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong. The Company reserves the right to deny entry of any person with a body temperature above the reference range quoted by the Department of Health of Hong Kong from time to time, or is exhibiting flu-like symptoms into the EGM venue or require such person to leave the EGM venue so as to ensure the health and safety of the attendees at the EGM;
- (2) Every attendee will be compulsorily required to wear a surgical face mask throughout the EGM and every attendee will be assigned a designated seat at the time of registration to ensure social distancing;
- (3) No food or beverages will be served and no gifts will be distributed to attendees at the EGM; and
- (4) multiple meeting rooms linked by telecommunication facilities and/or computer devices at the EGM venue will be arranged by the Company and Shareholders or their proxy will be directed to sit in certain meeting rooms to limit the number of

PRECAUTIONARY MEASURES FOR THE EGM

people in each room to four or any other number allowed under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G, Laws of Hong Kong) at the date of holding the EGM and to ensure adequate physical distancing between attendees.

Attendees are requested to observe and practise good personal hygiene at all times at the EGM venue.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements with short notice. Shareholders should check the Company's website (<http://www.romagroup.com/>) for future announcements and updates on the EGM arrangements when necessary.

EXPECTED TIMETABLE

Event	Date (2021)
Latest time for lodging transfer of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Wednesday, 3 March
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 Thursday, 4 March to Wednesday, 10 March
Latest time for lodging proxy forms for the EGM	2:30 p.m. on Monday, 8 March
Record date for attendance and voting at the EGM	Wednesday, 10 March
Expected date and time of the EGM to approve the Rights Issue	2:30 p.m. on Wednesday, 10 March
Announcement of the poll result of the EGM	Wednesday, 10 March
Register of members re-open.....	Thursday, 11 March
Effective date of the new board lots of 20,000 Shares	Thursday, 11 March
Last day of dealings in the Shares on cum-rights basis relating to the Rights Issue.....	Thursday, 11 March
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Thursday, 11 March
First day of dealings in the Shares on ex-rights basis relating to the Rights Issue.....	Friday, 12 March
Latest Lodging Date.....	4:30 p.m. on Monday, 15 March

EXPECTED TIMETABLE

Event	Date (2021)
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	From Tuesday, 16 March to Monday, 22 March
Record Date for the Rights Issue	Monday, 22 March
Prospectus Documents expected to be despatched	Tuesday, 23 March
First day of dealings in nil-paid Rights Shares	Thursday, 25 March
Latest time for splitting of PALs	4:30 p.m. on Monday, 29 March
Designated broker ceases to provide matching services for odd lots of the Shares	4:10 p.m. on Wednesday, 31 March
Last day of dealings in nil-paid Rights Shares	Thursday, 1 April
Latest time for acceptance of and payment for the Rights Shares and application of excess Rights Shares.....	4:00 p.m. on Friday, 9 April
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 14 April
Announcement of results of the Rights Issue.....	Friday, 16 April
Despatch of share certificates for fully-paid Rights Shares and refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares	Monday, 19 April
Commencement of dealings in fully-paid Rights Shares	Tuesday, 20 April

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this circular are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

EXPECTED TIMETABLE

Effect of bad weather and/or extreme conditions on the latest time for acceptance of and payment for the rights shares and for application and payment for excess rights shares

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning
 - (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. Announcement will be made by the Company in such event.

DEFINITIONS

In this Circular, the following terms and expressions have the following meanings unless the context requires otherwise:

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Shares to 20,000 Shares
“Circular”	this circular being despatched to the Shareholders in relation to the Rights Issue
“Company”	Roma Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, in such usual form as may be agreed between the Company and the Underwriter
“EGM”	an extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Rights Issue
“Emperor Securities” or “Underwriter”	Emperor Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO

DEFINITIONS

“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established for the purpose of giving recommendations to the Independent Shareholders in respect of the Rights Issue
“Independent Shareholders”	Shareholders who are not required by the GEM Listing Rules or the Stock Exchange to abstain from voting at the EGM in respect of the Rights Issue
“Last Trading Day”	Thursday, 14 January 2021, being the last trading day of the Shares on the Stock Exchange before the release of the announcement by the Company dated 20 January 2021 in relation to, among other things, the Right Issue
“Latest Lodging Date”	4:30 p.m. on Monday, 15 March 2021, being the latest time for lodging transfer of Shares and/or exercise the Share Options in order to be qualified for the Rights Issue
“Latest Practicable Date”	Friday, 19 February 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Latest Time for Acceptance”	4:00 p.m. on Friday, 9 April 2021 or other time or date as may be agreed in writing between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares

DEFINITIONS

“Latest Time for Termination”	4:00 p.m. on Wednesday, 14 April 2021, being the third Business Day after the Latest Time for Acceptance, or such other time or date as may be agreed between the Company and the Underwriter in writing
“Lego Corporate Finance” or “Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to the Independent Shareholders in respect of the Rights Issue
“Listing Committee”	has the meaning as defined in the GEM Listing Rules
“Mr. Luk”	Mr. Luk Kee Yan Kelvin who is interested in an aggregate of 39,956,000 issued Shares representing approximately 22.76% of the existing issued share capital as at the Latest Practicable Date
“Optionholder(s)”	holder(s) of Share Option(s)
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at 4:00 p.m. on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Tuesday, 23 March 2021 or such other date as may be agreed in writing between the Underwriter and the Company, being the date for despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company at 4:00 p.m. on the Record Date

DEFINITIONS

“Record Date”	Monday, 22 March 2021 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Boardroom Share Registrars (HK) Limited
“Rights Issue”	the proposed issue by way of rights on the basis of three (3) Rights Shares for every one (1) existing Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions in the Underwriting Agreement and to be set out in the Prospectus Documents
“Rights Share(s)”	new Share(s) to be allotted and issued pursuant to the Rights Issue
“SFO”	Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 26 September 2011
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme which give holders thereof the rights to subscribe for Shares at the exercise price determined in accordance with the rules of the Share Option Scheme
“Shareholder(s)”	holder(s) of issued 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 if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.125 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“Underwriting Agreement”	the underwriting agreement dated 14 January 2021 entered into between the Company and the Underwriter in respect of the Rights Issue
“Underwritten Shares”	not less than 526,561,245 and not more than 554,915,532 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Untaken Share(s)”	any of the Underwritten Shares which have not been taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or applicants under excess applications by the Latest Time for Acceptance
“%”	per cent.

LETTER FROM THE BOARD



ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

Executive Directors:

Mr. Yue Kwai Wa Ken

(Chairman and Chief Executive Officer)

Mr. Li Sheung Him Michael

Independent non-executive Directors:

Mr. Chung Man Lai

Mr. Ko Wai Lun Warren

Ms. Li Tak Yin

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

22 February 2021

To the Shareholders,

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY
ONE (1) EXISTING SHARE HELD ON THE RECORD DATE;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 20 January 2021 in relation to, among other things, the Rights Issue.

The purpose of this Circular is to provide you with further information on the Rights Issue and to give you the notice of EGM at which a resolution will be proposed to consider and, if thought fit, approve the Rights Issue.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue with the terms set out as follows:

Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at 4:00 p.m. on the Record Date
Subscription Price	:	HK\$0.125 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	175,520,415 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Not less than 526,561,245 Rights Shares, representing 300% of the Company's issued number of shares as at the Latest Practicable Date and 75% of the enlarged issued share capital of the Company upon completion of the Rights Issue (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than 554,915,532 Rights Shares, representing approximately 316.2% of the Company's issued number of shares as at the Latest Practicable Date and 75% of the enlarged issued share capital of the Company upon completion of the Rights Issue (assuming full exercise of the Share Options on or before the Latest Lodging Date and no other issue or repurchase of Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares to be issued	:	Not less than approximately HK\$5,265,612.45 and not more than approximately HK\$5,549,155.32
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, there are 9,451,429 outstanding Share Options, which are exercisable during the period from 19 June 2019 to 18 June 2022 entitling the holders thereof to subscribe for a total of 9,451,429 new Shares at the prevailing exercise price.

Save as disclosed above, the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares.

LETTER FROM THE BOARD

Assuming no exercise of Share Options on or before the Latest Lodging Date and no Shares are issued on or before the Record Date, the 526,561,245 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 300% of the total number of issued Shares as at the Latest Practicable Date and approximately 75% of the total number of issued Shares as enlarged by the issue of the Rights Shares. The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of such rights issue, open offers and/or specific mandate placings within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

Qualifying Shareholder

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at 4:00 p.m. on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to 4:00 p.m. on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 15 March 2021.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Thursday, 11 March 2021, and the Shares will be dealt with on an ex-rights basis from Friday, 12 March 2021.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL and the EAF) to the Excluded Shareholders for their information only.

Rights of Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

As at the Latest Practicable Date, there are 345 Overseas Shareholders with registered address located in the People's Republic of China (the "PRC") holding 330,200 Shares in aggregate. The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, 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 place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

LETTER FROM THE BOARD

The Company will continue to ascertain whether there are any Overseas Shareholders on the Record Date and will, if necessary, make enquiries with legal adviser(s) in other overseas jurisdiction(s) regarding the feasibility of extending the Rights Issue to such other Overseas Shareholders registered as a member of the Company on the Record Date and make relevant disclosures in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 16 March 2021 to Monday, 22 March 2021 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

The Subscription Price

The Subscription Price of HK\$0.125 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application for excess Rights Shares, or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 31.32% to the closing price of HK\$0.182 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 28.98% to the average closing price of approximately HK\$0.176 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 19.87% to the average closing price of approximately HK\$0.156 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

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- (iv) a discount of approximately 10.07% to the theoretical ex-rights price of approximately HK\$0.139 per Share based on the benchmarked price of approximately HK\$0.182 per Share;
- (v) a discount of approximately 94.13% to the net asset value of the Company of approximately HK\$2.129 per Share based on the unaudited net asset value attributable to owners of the Company of approximately HK\$373,710,000 as at 30 September 2020;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.63%, represented by the theoretical diluted price of approximately HK\$0.139 per Share to the benchmarked price of approximately HK\$0.182 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.182 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Underwriting Agreement of approximately HK\$0.167 per Share); and
- (vii) a discount of approximately 17.22% to the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, the market price of the Shares under the prevailing market conditions, the financial condition of the Company and the reasons and benefits of Rights Issue as discussed in the section headed "Reasons for of the Rights Issue and Use of Proceeds", in this circular. The Directors consider that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole

Basis of provisional allotments

The Rights Shares will be allotted on the basis of three (3) Rights Shares (in nil-paid form) for every one (1) existing Share held by the Qualifying Shareholders at 4:00 p.m. on the Record Date.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the 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 and issue of the fully paid Rights Shares. Dealings in the

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Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Excluded Shareholders which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or transferees of nil-paid Rights Shares. Applications for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) the excess Rights Shares will be allocated to the applicants on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders.

Any Rights Shares not accepted for by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not taken by excess application will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for completion of the relevant registration not later than 4:30 p.m. (Hong Kong time) on Monday, 15 March 2021.

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Certificate of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Monday, 19 April 2021 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Monday, 19 April 2021 by ordinary post, at the respective Shareholders' own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Monday, 19 April 2021 by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot and will not accept applications for any fraction of Rights Shares. Fractional entitlements to any Rights Shares will be disregarded and will be aggregated (and rounded down to the nearest whole number) and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 20,000 Rights Shares.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, 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 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

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Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

THE UNDERWRITING AGREEMENT

The Rights Shares will be fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement as described below.

Underwriting Agreement

Date	:	14 January 2021 (after trading hours of the Stock Exchange)
Issuer	:	the Company
Underwriter	:	Emperor Securities

The Underwriter is a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

As at the Latest Practicable Date, the Underwriter did not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of and not connected with the Company and its connected persons.

The Underwriter confirmed that it has complied with Rule 10.24A(1) of the GEM Listing Rules that it is licensed under the SFO for Type 1 regulated activity and its ordinary course of business includes underwriting of securities, and it is not a connected person of the Company.

Number of Rights Shares underwritten by the Underwriter	:	not less than 526,561,245 and not more than 554,915,532 Rights Shares
Underwriting Commission	:	2.5% of the aggregate Subscription Price in respect of the Underwritten Shares

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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 financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing market rate. The Directors consider that the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter has agreed to subscribe or procure the subscription for all Underwritten Shares that are not otherwise taken up.

Termination of the Underwriting Agreement

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

- (1) 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 Underwriting Agreement;
- (2) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing, before and/or after the signing of the Underwriting Agreement and/or continuing after the signing of the Underwriting Agreement) of a social, 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;
- (3) 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;
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, act of terrorism, strike or lock-out;
- (5) the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (6) any change or any development involving a prospective change or any event or circumstance likely to result in a change or 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;

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- (7) the 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 hereof been publicly announced or published by the Company in compliance with the GEM Listing Rules;
- (8) any order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;
- (9) any litigation, dispute, legal action, arbitration, proceeding or claim of any third party being threatened or instigated against any member of the Group; or
- (10) a creditor takes possession of all or a material part of the business or asset of any member of the Group or any execution or other legal process is enforced against all or a material part of the business or assets of any member of the Group and is not discharged within (7) days or such longer period as the Underwriter may approve,

which, individually or in aggregate, in the absolute opinion of the Underwriter:

- (a) has had or is/are 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) is/are 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 notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) 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 the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

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

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If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

Conditions of the Rights Issue

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

- (1) the passing by the Shareholders (or where appropriate, Independent Shareholders) at the EGM of the requisite resolutions to approve the Underwriting Agreement and the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Issue to the Excluded Shareholders) and the transactions contemplated thereunder by no later than the Prospectus Posting Date;
- (2) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (3) 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 Companies Registry in Hong Kong by no later than the Prospectus Posting Date;
- (4) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date;
- (5) the Underwriting Agreement not having been terminated by the Underwriter pursuant to the terms hereof on or before the Latest Time for Termination;
- (6) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (7) none of the Underwriter together with such parties acting in concert (having the meaning as set out in the Takeovers Code) with it nor any of the sub-underwriters and their respective parties acting in concert (having the meaning as set out in the Takeovers Code) shall be interested in 30% or more of the issued share capital of the Company as enlarged by the Rights Issue or otherwise be obligated to make mandatory general offer obligation under the Takeovers Code as a result of the Underwriter and/or the sub-underwriters taking up the Untaken Shares under the Underwriting Agreement.

The conditions precedent set out in paragraphs (1) to (4) and (7) are incapable of being waived by the Underwriter and the Company. The Underwriter may waive the condition precedent set out in paragraph (6) in whole or in part by written notice to the Company.

The Company shall use all reasonable endeavours to procure the fulfillment of the conditions precedent in paragraph (1) to (4) by the Latest Time for Acceptance and in particular shall furnish such information, supply such documents, pay such fees, give such

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undertakings and do all such acts and things as may be necessary in connection with the fulfillment of all the conditions precedent. If the conditions precedents set out above are not satisfied (or, if applicable, waived by the Underwriter) by the Latest Time for Acceptance and/or the conditions precedent in paragraph (6) do not remain fulfilled (unless waived by the Underwriter under the terms of Underwriting Agreement) up to the Latest Time for Termination, the Underwriting Agreement shall terminate (save in respect of the surviving provisions in relation to fees and expenses, indemnity, notices and governing law) and no party hereto will have any claim against any other party for cost, damages, compensation or otherwise (save in respect of any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination), and the Rights Issue will not proceed.

SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue:

	As at the Latest Practicable Date		Scenario I (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date)				Scenario II (assuming full exercise of the Share Options on or before the Latest Lodging Date and no other issue or repurchase of shares on or before the Record Date)			
			Immediately after completion of the Rights Issue (assuming all Shareholders have taken up the Rights Shares)		Immediately after completion of the Rights Issue (assuming no Shareholder has taken up the Rights Shares)		Immediately after completion of the Right Issue (assuming all Shareholders have taken up the Rights Shares)		Immediately after completion of the Rights Issue (assuming no shareholder has taken up the Rights Shares)	
	No. of Shares	Approximate % (Note 4)	No. of Shares	Approximate % (Note 4)	No. of Shares	Approximate % (Note 4)	No. of Shares	Approximate % (Note 4)	No. of Shares	Approximate % (Note 4)
Mr. Luk	39,956,000	22.76	159,824,000	22.76	39,956,000	5.69	159,824,000	21.60	39,956,000	5.40
Mr. Chung Man Lai (Note 1)	1,250	—	5,000	—	1,250	—	5,000	—	1,250	—
Public Shareholders										
Optionholders	—	—	—	—	—	—	37,805,716	5.11	9,451,429	1.28
Underwriter, sub-underwriter(s) and/or subscriber(s) procured by them (Note 2&3)	—	—	—	—	526,561,245	75.00	—	—	554,915,532	75.00
Other public Shareholders	135,563,165	77.24	542,252,660	77.24	135,563,165	19.31	542,252,660	73.29	135,563,165	18.32
	<u>175,520,415</u>	<u>100</u>	<u>702,081,660</u>	<u>100</u>	<u>702,081,660</u>	<u>100</u>	<u>739,887,376</u>	<u>100</u>	<u>739,887,376</u>	<u>100</u>

Notes:

- Mr. Chung Man Lai, an independent non-executive Director of the Company, is deemed to be interested in 1,250 Shares through the interests of his spouse pursuant to Part XV of the SFO as at the Latest Practicable Date, will abstain from voting on the relevant resolutions at the EGM.
- Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that in the event of it being called upon to subscribe for or procure subscribers for the Untaken Shares, it is the obligation of the Underwriter to cause itself and/or its sub-underwriter to procure independent placees (subscriber(s)) to take up such number of shares when necessary to ensure that the public float requirements under Rule 11.23(7) of the GEM Listing Rules. In circumstances where the Rights Issue were to become unconditional and the Underwriter was obliged to take up the Rights Shares in their entirety, the underwriting commitment would extend to a stake of approximately 75.00% in the share capital of the Company as enlarged by the issue of the Rights Shares. The Underwriter confirmed to the Company that it has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriters such that each of the subscribers procured by the Underwriter and/or the sub-

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underwriters (i) will be a third party independent of, not acting in concert with and will not be connected with the Directors, chief executive or substantial Shareholders of the Company or their respective associates; and (ii) will not, together with party(ies) acting in concert with each of them, hold in aggregate 30% or more of the voting rights of the Company upon completion of the Rights Issue. The Underwriter further confirms that (a) the Underwriter will not and will procure that each of the ultimate subscribers or purchasers procured by the sub-underwriters will not (together with each of the respective parties acting in concert) hold in aggregate 30% or more of the voting rights of the Company immediately after the Rights Issue; (b) the Underwriter will and will cause the sub-underwriters to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 11.23(7) of the GEM Listing Rules are complied with immediately after the Rights Issue; (c) each of the Underwriter and the sub-underwriters and their respective ultimate beneficial owner is not a party acting in concert with each other; and (d) each of the Underwriter and the sub-underwriters and their respective ultimate beneficial owners are not connected persons of the Company.

3. The Underwriter confirmed to the Company that it has entered into 5 sub-underwriting agreements with Get Nice Securities Limited, sub-underwriter A, sub-underwriter B, sub-underwriter C and sub-underwriter D (the "Sub-underwriters"), who are third parties independent of, not acting in concert with and not connected with any of the Directors, chief executive of the Company or substantial shareholder(s) of the Company or their respective associates, in respect of its underwriting obligation as to 200,000,000, 35,000,000 and 35,000,000, 35,000,000 and 35,000,000 Rights Shares (representing approximately 28.49%, 4.99%, 4.99%, 4.99% and 4.99% of the enlarged issued share capital of the Company upon completion of the Rights Issue under Scenario I; or approximately 27.03%, 4.73%, 4.73%, 4.73% and 4.73% of the enlarged issued share capital of the Company upon completion of the Rights Issue under Scenario II) respectively and that each sub-underwriter's underwriting commitment would account for less than 30% of the issued share capital of the Company immediately upon completion of the Rights Issue.

For illustration purpose only, the net underwriting commitment of the Underwriter, after considering 340,000,000 Rights Shares sub-underwritten by the Sub-underwriters in aggregate, would be 186,561,245 Rights Shares and 214,915,532 Rights under Scenario I and Scenario II (representing approximately 26.57% and 29.05% of the enlarged issued share capital of the Company upon completion of the Rights Issue under Scenario I and Scenario II) respectively.

4. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
5. The shareholding structure is presented without taking into account the adjustment (if any) to the conversion and exercise prices of the Share Options, respectively, as a result of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEED

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of valuation and technical advisory services, financing services and securities broking, placing and underwriting and investment advisory and asset management services in Hong Kong.

The Board had considered fund raising by issuing debt security or debt financing, however it is concerned that any further debt financing or borrowing may worsen the gearing ratio and incur further interest expenses of the Company. The Board intends to reduce the gearing ratio and interest expenses of the Company to a more benign level to improve the rate of return of the Company's investment portfolio. In view of this, the Board has averted debt financing as a source for raising funds in this occasion.

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In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). The Board considers that the Rights Issue effected on a pro-rata basis gives all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company, whereas open offer 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. As such, the Board did not pursue an open offer which is considered to be less favourable to the Shareholders.

Taking alternative fund-raising methods into consideration, the Board considers that it is prudent to obtain the resources to facilitate the long-term growth of the Group in form of equity fund raising without increasing financing costs. In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments as and when such opportunities arise.

The estimated net proceeds of the Rights Issue will be not less than approximately HK\$63.0 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than approximately HK\$66.5 million (assuming full exercise of the Share Options on or before the Latest Lodging Date and no other issue or repurchase of Shares on or before the Record Date). The Company intends to utilize the entire net proceeds from the Rights Issue in the following aspects: (i) enrichment of working capital for operation and expansion of existing business (provision of valuation and advisory services, financing services and securities broking, placing and underwriting and investment advisory and asset management services) for not less than HK\$42.0 million, in particular, the financing services and securities related activities, such as underwriting, require financial resources to operate then generate revenue, especially the Company needs to be compliant with the Securities and Futures (Financial Resources) Rules under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); (ii) repayment of outstanding debts of the Group for not less than HK\$15.5 million; and (iii) acquisition of and/or investment in business(es) which leverage on the competitive advantage of the Group should suitable opportunities arise, including but not limited to the possible investment pursuant to announcement of the Company dated 12 January 2021, for not more than HK\$5.5 million.

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.

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POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

Pursuant to the terms of the Share Option Scheme, the exercise prices and/or number of Shares to be issued upon exercise of the Share Options may be adjusted in accordance with the terms and conditions of the Share Option Scheme due to the Rights Issue. The Company will notify the holders of the Share Options the adjustments, if any, in compliance with the said terms and conditions and, if necessary, make further announcement in respect thereof.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” in this circular). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activity mentioned below, the Company has not conducted any other fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the Latest Practicable Date.

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of net proceeds
27 April 2020	Placing of up to 27,000,000 new Shares at the placing price of HK\$0.21 per Share under general mandate, which was completed on 12 May 2020	HK\$5.48 million	General working capital of the Group	Used as intended

LETTER FROM THE BOARD

PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 10,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Thursday, 11 March 2021. Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by The Hong Kong Exchange and Clearing Limited on 28 November 2008 and updated on 30 August 2019, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. Based on the theoretical ex-rights price of approximately HK\$0.139 per Share (calculated based on the closing price of HK\$0.182 per Share as quoted on the Stock Exchange on the Last Trading Day) and assuming that the Rights Issue having become effective and the dealings in the Shares on an ex-rights basis having commenced, if the Shares were continued to be trading in board lots of 10,000, the value of each board lot of Shares would be below HK\$2,000. The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the Change in Board Lot Size is in the interests of the Company and its Shareholders as a whole.

Shareholders should take note that Shareholders’ approval is not required for the Change in Board Lot Size. However, the Change in Board Lot Size is conditional to the passing of relevant resolutions in relation to the Rights Issue at the EGM. Therefore, the Company will not proceed with the Change in Board Lot Size if the Rights Issue is voted down.

Based on the theoretical ex-rights price of approximately HK\$0.139 per Share (calculated based on the closing price of HK\$0.182 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot is HK\$1,390 and the estimated market value of each proposed new board lot is HK\$2,780. To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company will appoint an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Thursday, 11 March 2021 to 4:10 p.m. on Wednesday, 31 March 2021 (both dates inclusive). Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement.

All existing share certificates in board lot of 10,000 shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in the board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size 10,000 shares to new share certificate in board lot size of 20,000 shares is necessary.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Shares arising from the Change in Board Lot Size, the Company has appointed Emperor Securities Limited as agent to provide matching service, on a best efforts basis, to those Shareholders who wish to top up or sell their holding of odd lots of the Shares. Shareholders who wish to take advantage of this facility should contact Mr. Leung Shiu Keung of Emperor Securities

LETTER FROM THE BOARD

Limited at 23rd to 24th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong or at telephone number (852) 2919 2919 from 9:00 a.m. on Thursday, 11 March 2021 to 4:10 p.m. on Wednesday, 31 March 2021.

GEM LISTING RULES IMPLICATIONS

In accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders at the EGM by a resolution on which any controlling shareholders of the Company and their respective 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 Rights Issue. As at the Latest Practicable Date, the Company did not have any controlling shareholder and Mr. Chung Man Lai, is deemed to be interested in 1,250 Shares through the interests of his spouse pursuant to Part XV of the SFO as at the Latest Practicable Date, will abstain from voting on the relevant resolutions at the EGM. Save for Mr. Chung Man Lai, none of the Directors has a material interest in the Rights Issue.

THE EGM

The EGM will be convened and held for the Shareholders/Independent Shareholders (as the case may be) to consider and, if thought fit, approve, among other things, the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder. A notice convening the EGM to be held at 2:30 p.m. on Wednesday, 10 March 2021 at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong is enclosed with this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus Documents will be despatched to the Qualifying Shareholders on or before Tuesday, 23 March 2021 whereas the Prospectus will be despatched to the Excluded Shareholders, if any, for information only.

RECOMMENDATION

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Rights Issue. Lego Corporate Finance has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Roma Group Limited
Yue Kwai Wa Ken
Executive Director,
Chief Executive Officer,
Chairman and Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue.



ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

22 February 2021

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY
ONE (1) EXISTING SHARE HELD ON THE RECORD DATE**

We refer to the circular dated 22 February 2021 (the “**Circular**”) of the Company of which this letter forms part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of Rights Issue are fair and reasonable insofar as the Independent Shareholders are concerned and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote. Lego Corporate Finance has been appointed as the independent financial advisor to advise you and us in this respect.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice and recommendation of Lego Corporate Finance as set out in its letter of advice to the Independent Shareholders and us on pages 26 to 54 of the Circular, we consider that the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore, the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Mr. Chung Man Lai

Mr. Ko Wai Lun Warren

Ms. Li Tak Yin

Independent Non-executive Directors

LETTER FROM LEGO CORPORATE FINANCE

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Rights Issue, which has been prepared for the purpose of inclusion in this circular.



22 February 2021

*To: The Independent Board Committee and the Independent Shareholders
of Roma Group Limited*

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to 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 “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 22 February 2021 (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 otherwise requires.

The Company proposed to implement the Rights Issue on the basis of three (3) Rights Shares for every one (1) existing Share in issue on the Record Date at the Subscription Price of HK\$0.125 per Rights Share to raise gross proceeds of approximately HK\$65.8 million before expenses (assuming no further issue or repurchase of Shares on or before the Record Date) and up to a maximum of approximately HK\$69.4 million before expenses (assuming full exercise of the Share Options on or before the Latest Lodging Date and no other issue or repurchase of Shares on or before the Record Date) by way of the rights issue of not less than 526,561,245 Rights Shares and not more than 554,915,532 Rights Shares (assuming as aforesaid) to the Qualifying Shareholders.

On 14 January 2021 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue.

LETTER FROM LEGO CORPORATE FINANCE

The Rights Issue is fully underwritten by the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite not less than 526,561,245 Rights Shares and not more than 554,915,532 Rights Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein.

In accordance with Rule 10.29(1) of the GEM Listing Rules, since the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue must be made conditional on approval by the Shareholders by way of poll at the EGM by a resolution on which any controlling shareholders of the Company and their respective 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 Rights Issue. As at the Latest Practicable Date, the Company did not have any controlling shareholder and Mr. Chung Man Lai, is deemed to be interested in 1,250 Shares through the interests of his spouse pursuant to Part XV of the SFO as at the Latest Practicable Date, will abstain from voting on the relevant resolution at the EGM. Save for Mr. Chung Man Lai, none of the Directors has a material interest in the Rights Issue.

An Independent Board Committee, comprising Mr. Chung Man Lai, Mr. Ko Wai Lun Warren and Ms. Li Tak Yin, all being the independent non-executive Directors, has been appointed 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 (iii) how to vote in respect of the resolution to be proposed at the EGM in relation to the Rights Issue. We, Lego Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we are qualified to give independent advice in respect of the Rights Issue.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the management of the Company (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the Management for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as at the date hereof and may be relied upon. We have also assumed that all statements

LETTER FROM LEGO CORPORATE FINANCE

contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date thereof and may be relied upon. We have also assumed that all such statements of belief, opinions and intentions of the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and/or the advisers of the Company. We have also sought and received confirmation from the Management that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Underwriter or any of their respective subsidiaries or associates.

We have not considered the tax and regulatory implications on the Independent Shareholders in respect of whether or not they participate in the Rights Issue, as these are particular to their individual circumstances. Independent Shareholders should consult their own professional advisers if in any doubt in respect of their own tax and regulatory position.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations, we have taken into account the following principal factor and reasons:

1. Background information of the Group

1.1. Background

The Company was incorporated in the Cayman Islands with limited liability, with its shares listed on GEM. The principal activity of the Company is investment holding. The Group is principally engaged in the provision of valuation and technical advisory services, financing services and securities broking, placing and underwriting and investment advisory and asset management services in Hong Kong.

LETTER FROM LEGO CORPORATE FINANCE

1.2. Financial information of the Group

Set out below are a summary of the recent financial performance of the Group as extracted from the annual report of the Company for the year ended 31 March 2020 (the “**2019/2020 Annual Report**”) and the interim report of the Company for the six months ended 30 September 2020 (the “**2020/2021 Interim Report**”), respectively:

	Six months ended		Year ended	
	30 September		31 March	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue				
— <i>Valuation and advisory services</i>	30,541	23,723	44,702	47,389
— <i>Financing services</i>	15,483	12,646	26,561	22,761
— <i>Securities broking, placing and underwriting and investment advisory and asset management services</i>	419	3,388	4,909	—
Total revenue	<u>46,443</u>	<u>39,757</u>	<u>76,172</u>	<u>70,150</u>
(Loss)/profit for the year/period attributable to the Shareholders	<u>784</u>	<u>350</u>	<u>(158,376)</u>	<u>(71,415)</u>
	As at		As at 31 March	
	30 September		2020	2019
	<i>HK\$'000</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)		(audited)	(audited)
Non-current assets	131,252	140,016	230,305	
Current assets	<u>356,608</u>	<u>335,098</u>	<u>444,744</u>	
Total assets	<u>487,860</u>	<u>475,114</u>	<u>675,049</u>	
Current liabilities	106,473	106,364	138,407	
Non-current liabilities	<u>7,677</u>	<u>1,054</u>	<u>2,940</u>	
Total liabilities	<u>114,150</u>	<u>107,418</u>	<u>141,347</u>	
Net assets	<u>373,710</u>	<u>367,696</u>	<u>533,702</u>	

LETTER FROM LEGO CORPORATE FINANCE

For the years ended 31 March 2019 and 2020

For the year ended 31 March 2020, the Group recorded total revenue of approximately HK\$76.2 million, representing an increase of approximately 8.6% as compared to approximately HK\$70.2 million for the previous year. According to the 2019/2020 Annual Report, such increase was mainly attributable to (i) the increase in interest income generated from provision of financing services; and (ii) the services fee income generated from the new segment of securities broking, placing and underwriting and invest advisory and asset management services. The effect of which was partially offset by the decrease in the services fee income generated from provision of valuation and advisory services. Despite the increase in total revenue of the Group, the loss for the year attributable to the Shareholders increased from approximately HK\$71.4 million for the year ended 31 March 2019 to approximately HK\$158.4 million for the year ended 31 March 2020. Such increase was mainly attributable to the (i) significant increase in impairment loss on loan and interest receivable; (ii) impairment loss of intangible assets; and (iii) impairment loss of goodwill.

For the six months ended 30 September 2019 and 2020

For the six months ended 30 September 2020, the Group recorded total revenue of approximately HK\$46.4 million, representing an increase of approximately 16.8% as compared to approximately HK\$39.8 million for the corresponding period of the prior year. According to the 2020/2021 Interim Report, such increase was mainly attributable to (i) the increase in services fee income generated from provision of valuation and advisory services; and (ii) the increase in the interest income generated from provision of financing services. The effect of which was partially offset by the decrease in the service fee income generated from securities broking, placing and underwriting and investment advisory and asset management services. As a result, profit for the period attributable to the Shareholders increased from approximately HK\$0.4 million for the six months ended 30 September 2019 to approximately HK\$0.8 million for the six months ended 30 September 2020.

As at 30 September 2020, total assets of the Group amounted to approximately HK\$487.9 million, representing an increase of approximately 2.7% from approximately HK\$475.1 million as at 31 March 2020, which was mainly due to (i) the increase in loans and interest receivables of approximately HK\$14.8 million; (ii) the increase in right-of-use assets of approximately HK\$10.5 million; and (iii) the increase in cash and bank balances — general accounts of approximately HK\$5.0 million. The effect of which was partially offset by (i) the decrease in pledged bank deposits of approximately HK\$7.1 million; (ii) the decrease in prepayments, deposits, other receivables and contract assets of approximately HK\$6.6 million; and (iii) the decrease in trade receivables of approximately HK\$2.8 million.

As at 30 September 2020, total liabilities of the Group amounted to approximately HK\$114.2 million, representing an increase of approximately 6.3% from approximately HK\$107.4 million as at 31 March 2020, which was mainly due

LETTER FROM LEGO CORPORATE FINANCE

to (i) the increase in lease liabilities of approximately HK\$10.5 million; and (ii) the increase in accrued liabilities, other payables, and contract liabilities of approximately HK\$7.8 million. The effect of which was partially offset by the decrease in interest-bearing borrowings of approximately HK\$13.5 million.

2. Reasons for and benefits of the Rights Issue and the proposed use of proceeds

As disclosed in the Letter from the Board, the estimated net proceeds of the Rights Issue will be not less than approximately HK\$63.0 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than approximately HK\$66.5 million (assuming full exercise of the Share options on or before the Latest Lodging Date and no other issue or repurchase of Shares on or before the Record Date). The Company intend to utilise the entire net proceeds from the Rights Issue in the following aspects: (i) enrichment of working capital for operation and expansion of existing business (provision of valuation and advisory services, financing services and securities broking, placing and underwriting and investment advisory and asset management services) for not less than HK\$42.0 million, in particular, the financing services and securities related activities, such as underwriting, require financial resources to operate then generate revenue, especially the Company needs to be compliant with the Securities and Futures (Financial Resources) Rules under the SFO; (ii) repayment of outstanding debts of the Group for not less than HK\$15.5 million; and (iii) acquisition of and/or investment in business(es) which leverage on the competitive advantage of the Group should suitable opportunities arise, including but not limited to the possible investment pursuant to announcement of the Company dated 12 January 2021, for not more than HK\$5.5 million.

2.1. Operation and expansion of existing business

Valuation and advisory services

The Group is principally engaged in, among others, the provision of asset appraisal and asset advisory services, including real estate and fixed asset appraisal, mineral property appraisal, business and intangible asset valuation, financial instrument valuation and advisory services. The Group has continued to expand its valuation division and had assisted, in the capacity of independent valuer, a number of successful public transactions as well as initial public offerings. As advised by the Management, we understand that the Group has started to expand its service scope to the environmental, social and governance (the “ESG”) reporting service as a new key driver under the valuation and advisory services segment. The Group provides strategic recommendations on disclosures and assists the customers to identify reporting boundary, which save unnecessary cost on work and time of the customers and allow them to utilise time and resources effectively. The Group will also assist the clients to incorporate better ESG management into the company’s operation, risk management and internal control system.

We have reviewed the 2020/2021 Interim Report and noted that the ESG reporting service remained the key driver for boosting the revenue under valuation and advisory services segment during the six months ended 30 September 2020 as evidenced by the increase in revenue generated from the provision of valuation and

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advisory services of approximately 28.7% for the six months ended 30 September 2020 as compared with that for the corresponding period of the previous year. We further noted that the Group was honored to receive the Best in ESG, Best in Reporting and ESG Report of the Year in Hong Kong awards at the BDO ESG awards 2019 and the Silver Prize Award in Asia's Best Sustainability Report (SME) at the Asia Sustainability Reporting Awards (ASRA) 2019 in Singapore, which demonstrated that the Group's ESG reporting service has been recognised by the market. Taking into consideration that (i) the Group's expertise in ESG reporting service had been recognised by the market; and (ii) the Stock Exchange announced its enhanced ESG reporting framework in December 2019 which has been effective for financial years commenced on or after 1 July 2020 and the listed companies on the Stock Exchange are required to prepare a ESG report to comply with the relevant rules, regulations and standard, it is therefore expected that the demand for the Group's ESG reporting service will continue to increase.

In addition, the Group intends to develop and expand the current valuation and advisory services business by, including but not limited to, acquiring reputable and sizeable valuation and/or advisory firms (which will be further discussed below) and recruiting specialists to improve the valuation and advisory services performance so as to enhance the market presence in valuation and advisory services industry in Hong Kong. The Management will also consider any other opportunities to be identified by the Management which align with the Group's strategic objective for further expansion.

In light of the above, we concur with the Management's view that, with adequate working capital, the Group is capable to (i) capture the opportunities for its ESG reporting service; and (ii) recruit specialists to improve the valuation and advisory services performance, thereby enhancing the revenue of the Group and delivering greater returns to the Shareholders.

Financing services

According to the 2020/2021 Interim Report, the Group's provision of financing services, including personal loans, commercial loans and mortgage loans to individuals and corporations, contributed approximately 33.3% of the total revenue of the Group for the six months ended 30 September 2020. As advised by the Management, we understand that the net proceeds will be applied to further develop and expand the Group's financing services by (i) providing comprehensive financing solutions to clients for their corporate actions and shareholders' activities such as merger and acquisitions loans, bridging loans and other short-term loans; and/or (ii) acquiring firm of similar business nature and/or loan portfolio in order to immediately increase the market presence for the Group.

The Group is also required to maintain sufficient resources for its financing services business. As disclosed in the 2020/2021 Interim Report, as at 30 September 2020, loans and interests receivable, net of expected credit loss (the "ECL") allowance, of the Group amounted to approximately HK\$374.0 million, and the ECL

LETTER FROM LEGO CORPORATE FINANCE

allowance of the Group amounted to approximately HK\$181.2 million. In light of (i) the uncertainty in the economic outlook; and (ii) the impairment loss on loans and interests receivable, which the clients affected by the COVID-19 pandemic are faced with increasing liquidity risks, the Group will continue to cautiously diversify its loan portfolio while improving the credit management.

Notwithstanding that certain challenges and uncertainties in the financing services industry, such as keen market competitions as well as the persistent increase in the number of money lenders and intensive price war on the interest margin among those market players, the Group still achieved a growth in interest income from provision of financial services by approximately HK\$2.8 million or 22.4% for the six months ended 30 September 2020 as compared to the corresponding period of the previous year due to expansion of the Group's loan portfolio. By strengthening the Group's lending capability through obtaining adequate capital resources from the Rights Issue, the financing services business will be achieving a sustainable growth and increasing revenue streams, and maximising the return to the Shareholders ultimately. Hence, the Group expects to set aside certain amount of net proceeds for expanding its loan portfolio from time to time.

Based on the foregoing, the Management is of the view and we concur that it is important that the Group will at all times strive to strengthen its competitiveness and financial standing, in order to be well-prepared to capture business opportunities, to respond to adversities and to minimise any impact resulting therefrom on the Group when they arise, so as to strengthen the Group's market position in the financing services industry and be sustainable in the long run.

Securities broking, placing and underwriting and investment advisory and asset management services

As set out in the 2020/2021 Interim Report, the Group obtained a license from the Securities and Futures Commissions (the "SFC") under the SFO to carry out Type 1 regulated activity (dealing in securities) on 13 December 2018, which has commenced operation during the year ended 31 March 2020. The Group also acquired a company which is a corporation licensed by the SFC to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO during the year ended 31 March 2020.

We have discussed with the Management and understand that despite the securities broking, placing and underwriting and investment advisory and asset management services business (the "SPIA Business") has just commenced during the year ended 31 March 2020, there will be market and growth opportunities and thus we concur with the Management's view that it is of imminent funding needs for the Group to conduct fund raising activity to preserve sufficient level of liquidity to (i) capture opportunities in placing and underwriting business; (ii) develop the securities broking business as well as the asset management services business; and (iii) cover the daily operating cost.

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The placing and underwriting business is a good source of revenue because of its relatively shorter project duration and generally requires less manpower commitment. We have reviewed the 2020 Annual Market Statistics issued by the Stock Exchange and noted that the total equity fund raised in initial public offers and secondary market increased by approximately 63.7% from approximately HK\$454.2 billion for the year ended 31 December 2019 to approximately HK\$743.7 billion for the year ended 31 December 2020. With a strengthened capital base and the experience of the professional team, the Group will be able to participate more actively as underwriters in initial public offers and other secondary market fund raising projects by (i) participating in fund raising exercises with a larger fund raising scale and/or higher percentage of underwriting commitment; (ii) expanding the placing and underwriting business by taking up more underwriting opportunities at one time; (iii) reducing the reliance on sub-underwriters in underwriting exercises which may in effect reduce the Group's potential underwriting fees and commissions.

As advised by the Management, the Group intended to expand its securities broking business to increase the interest income and expand the client base who trade securities with the Group on a margin basis. As disclosed in the 2020/2021 Interim Report, the Group's cash and bank balances — segregated accounts increased from HK\$0.8 million as at 31 March 2020 to approximately HK\$3.0 million as at 30 September 2020. According to the Financial Review of the Securities Industry for the six months ended 30 June 2019 and 2020 issued by the SFC in September 2019 and 2020, respectively, the total value of transactions of all securities dealers and securities margin financiers (including trading in equities, bonds and other securities in Hong Kong and overseas) amounted to approximately HK\$58,222.6 billion for the six months ended 30 June 2020 as compared to approximately HK\$44,735.6 billion for the corresponding period of the previous year. Hence, the Management expects to see an increasing demand for the Group's securities broking services from the customers and the market as a whole. Further, the Group's participation in placing and underwriting business creates synergy effect, which in turn will increase the demand for the Group's securities broking services as the Group provides margin financing to the customers to subscribe for the securities in the underwriting projects.

We have also reviewed the Asset and Wealth Management Survey 2019 published by the SFC in August 2020 and noted that the amount of assets under management of the asset management and fund advisory businesses conducted by licensed corporations and registered institutions increased year-on-year by approximately 22% to approximately HK\$20,040 billion as at 31 December 2019. With the proper development of the asset management business, the Group will gradually achieve a sound growth of the total size of the assets under the Group's management, generating more asset management fees and performance-based incentive income, so as to broaden the Group's revenue base in the long run.

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In view of the above, the Management considers and we concur that, with adequate cash reserves, the Group is capable to develop and expand the SPIA Business, which in general require sufficient upfront capital, thereby broadening the source of income and delivering greater returns to the Shareholders.

2.2. Repayment of external debts

As set out in the 2020/2021 Interim Report, we noted that the Group had total interest-bearing borrowings of approximately HK\$42.1 million as at 30 September 2020, of which approximately HK\$36.3 million of the bank borrowings will fall due within the next 12 months. Comparatively, the Group had cash and bank balance — general accounts of approximately HK\$24.2 million as at 30 September 2020. The Group therefore had a relatively low cash and bank balances — general accounts taking into its debt level and the amount of bank borrowings that will fall due within the next 12 months. Moreover, the Group incurred net loss attributable to the Shareholders of approximately HK\$71.5 million and HK\$158.4 million for the years ended 31 March 2019 and 2020, and incurred interest expenses of borrowings of approximately HK\$2.4 million, HK\$3.1 million and HK\$0.9 million for the years ended 31 March 2019 and 2020 and the six months ended 30 September 2020.

In view of the net loss position of the Group and the increasing trend in interest expenses, we concur with the Management's view that the Rights Issue represents an opportunity for the Company to repay the borrowings from independent third parties to be due so as to reduce the gearing ratio and interest expense of the Company to a more benign level. Further, reducing debt level of the Group helps to enhance the Company's healthy financial status and attract investors, and may also lead to reduction in required credit spread, i.e. the Company's funding cost and release the pledged bank deposits and investment properties for securing general banking facilities to the Group.

2.3. Acquisition of and/or investment in business(es)

As disclosed in the 2020/2021 Interim Report, the net proceeds of approximately HK\$63.0 million from the rights issue of the Group in November 2017 (the “**Unutilised Proceeds**”) were not utilised due to unforeseen delays caused by the social unrest in Hong Kong and global pandemic of the COVID-19 which has led to the disruptions to the economy and therefore the Management is more prudent and taking more time to seek the potential businesses. As advised by the Management, the Company currently expects that the Unutilised Proceeds will be used as intended (i.e. investment in potential valuation and advisory and/or financial services businesses) by 31 March 2022.

Taking into account (i) the Unutilised Proceeds of approximately HK\$63.0 million, of which substantial amount was pledged for bank borrowings as a mean of treasury management; and (ii) the aforementioned liquidity position of the Group, the Management considers that it is more prudent to raise not more than HK\$5.5 million in advance for preparation of the potential acquisition of and/or investment in business(es), in order to avoid shortage in funding and hence failing to seize the acquisition and/or investment opportunities.

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We have reviewed the 2020/2021 Interim Report and noted that the Group's intention to source sound and suitable merger and acquisition opportunities and/or business collaboration cautiously under this uncertain economic environment in order to maintain and further enhance the Group's market presence in the valuation and advisory services industry as well as becoming an integrated securities house in Hong Kong, which can generate and broaden stable revenue streams of the Group, thereby ultimately deliver sustainable growth and profitability to the Group and the Shareholders as a whole.

We are advised by the Management that in determining the potential acquisition and/or investment opportunities, the Company will take into consideration factors including but not limited to (i) alignment with the Group's strategic plans; (ii) size of business(es); (iii) growth potential; (iv) market position; (v) experience of management team; and (vi) historical operating metrics and financial performance. Notwithstanding that the investment under the strategic cooperation agreement entered into between the Group and Grandshores Technology Group Limited may not materialise, we understand that the Company will be in a better position to negotiate with potential counterparties with a stronger liquidity position to capture any opportunities in a timely manner after the Rights Issue. As such, the Management considers there exists an imminent need for the Company to timely raise funds to pursue the potential opportunities for the continuous growth of the Group's business.

In light of the above, the Management is of the view and we concur that the Rights Issue provides financial flexibility for the Company to capture any potential acquisition and/or investment opportunities, which is in line with the Group's business objective, and thus, in the interests of the Company and the Shareholders as a whole.

2.4. Financing alternatives

As disclosed in the Letter from the Board, save for the equity fund raising activities mentioned below, the Company has not conducted any other equity fund raising activities in the past 12 months immediately prior to the Latest Practicable Date.

Date of announcement	Fund raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of net proceeds
27 April 2020	Placing of up to 27,000,000 new Shares at the placing price of HK\$0.21 per Share under general mandate, which was completed on 12 May 2020	HK\$5.48 million	General working capital of the Group	Use as intended

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As mentioned in the Letter from the Board, the Directors have considered other financing alternatives including (i) issuing debt security or debt financing; and (ii) open offer. After discussing with the Management, we understand that the Board had resolved to Rights Issue in meeting its funding needs as disclosed in the reasons as follows:

Issuing debt security or debt financing

The Board had considered fund raising by issuing debt security or debt financing, however, given the loss-making financial performance of the Group for the years ended 31 March 2019 and 2020, the Management is of the view that any further debt financing or borrowing may worsen the gearing ratio and incur further interest expenses of the Company, which may in turn further affect the profitability of the Group. According to the 2020/2021 Interim Report, the bank borrowings of the Group were secured by bank deposits of the Group. We have discussed with the Management and noted that other than the collaterals for the existing banking facilities of the Group, the Group does not have other material asset suitable to be provided as collaterals to obtain bank borrowings with favourable terms. Moreover, the Management considered debt financing would normally be subject to lengthy due diligence and negotiations with banks or financial institutions taking into account the then financial market condition.

Open Offer

In comparison with open offer, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As disclosed in the Letter from the Board, the Board considers that the Rights Issue effected on a pro-rata basis gives all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company, whereas open offer 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. As such, the Board did not pursue an open offer which is considered to be less favourable to the Shareholders.

In view of the above, the Rights Issue provides better financial flexibility for the Company as (i) the Group does not have material asset as collaterals for obtaining bank borrowings with favourable terms; (ii) if the Group raises funds in the form of debt rather than equity, the Group would incur interest expenses, which would further worsen the Group's performance given that the Group has already been loss-making for the years ended 31 March 2019 and 2020; (iii) the Rights Issue offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional entitlement of

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the Rights Shares and hence avoids dilution and participate as fully as they wish in the growth opportunity of the Group by way of applying for excess Rights Shares; (iv) the Rights Issue allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefits; and (v) the Rights Issue allows the Group to strengthen its capital base and liquidity without incurring interest costs.

Having considered that (i) the net proceeds from the recent fund raising exercises of the Company and the Unutilised Proceeds had their respective designated uses and have been and will be utilised as intended; (ii) the nature of the Group's financing services business and SPIA Business which require the Group to maintain adequate level of liquidity so as to (a) seize business opportunities; (b) expand the loan portfolio as well as the customer base; and (c) cover the daily operating cost; and (iii) the intended use of proceeds from the Rights Issue and the reasons thereof as discussed above, we concur with the Management's view that it is of imminent funding needs for the Group to conduct fund raising activity and the Company's decision to pursue the Rights Issue is reasonable.

3. Principal terms of the Rights Issue

As disclosed in the Letter from the Board, details of the Rights Issue are set out below:

Basis of the Rights Issue	:	Three (3) Rights Share for every one (1) existing Share held by the Qualifying Shareholders at 4:00 p.m. on the Record Date
Subscription Price	:	HK\$0.125 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	175,520,415 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Not less than 526,561,245 Rights Shares, representing 300% of the Company's issued number of shares as at the Latest Practicable Date and 75% of the enlarged issued share capital of the Company upon completion of the Rights Issue (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than 554,915,532 Rights Shares, representing approximately 316.2% of the Company's issued number of shares as at the Latest Practicable Date and 75% of the enlarged issued share capital of the Company upon completion of the Rights Issue (assuming full exercise of the Share Options on or before the Latest Lodging Date and no other issue or repurchase of Shares on or before the Record Date)

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Aggregate nominal value of the Rights Shares to be issued	:	Not less than approximately HK\$5,265,612.45 and not more than approximately HK\$5,549,155.32
Right of excess application	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, there are 9,451,429 outstanding Share Options, which are exercisable during the period from 19 June 2019 to 18 June 2022 entitling the holders thereof to subscribe for a total of 9,451,429 new Shares at the prevailing exercise price.

Save for the foregoing, the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares. As at the Latest Practicable Date, the Company has no intention to issue or grant any options, warrants or other convertible securities on or before the Record Date.

Assuming no exercise of Share Options on or before the Latest Lodging Date and no Shares are issued on or before the Record Date, the 526,561,245 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 300% of the total number of issued Shares as at the Latest Practicable Date and approximately 75% of the total number of issued Shares as enlarged by the issue of the Rights Shares. The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of such rights issue, open offers and/or specific mandate placings within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

3.1. The Subscription Price

The Subscription Price of HK\$0.125 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application for excess Rights Shares, or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 31.32% to the closing price of HK\$0.182 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 28.98% to the average closing price of approximately HK\$0.176 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

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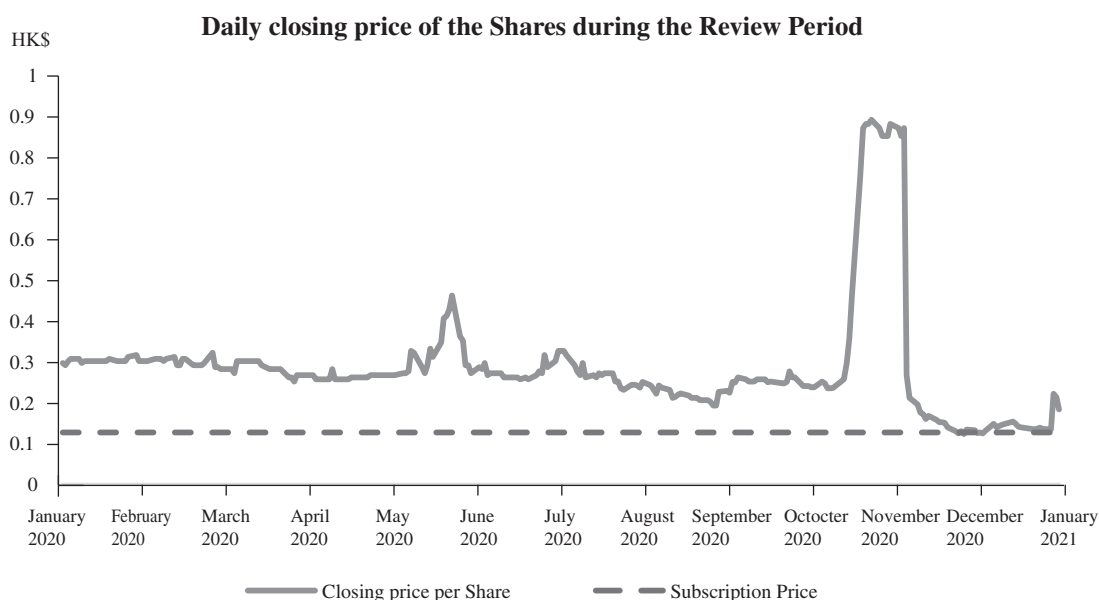
- (iii) a discount of approximately 19.87% to average closing price of approximately HK\$0.156 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 10.07% to the theoretical ex-right price of approximately HK\$0.139 per Share based on the benchmarked price of approximately HK\$0.182 per Share;
- (v) a discount of approximately 94.13% to the net asset value of the Company (the “**2020/2021 Interim NAV**”) of approximately HK\$2.129 per Share based on the unaudited net asset value attributable to owners of the Company of approximately HK\$373,710,000 as at 30 September 2020;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.63%, represented by the theoretical diluted price of approximately HK\$0.139 per Share to the benchmark price of approximately HK\$0.182 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Date of HK\$0.182 per Share and the average of the closing price of the Share as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Underwriting Agreement of approximately HK\$0.167 per Share); and
- (vii) a discount of approximately 17.22% to the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As stated in the Letter from the Board, the Subscription Price was determined after arm’s length negotiation between the Company and the Underwriter with reference to, among others, the market price of the Shares under the prevailing market conditions, the financial condition of the Company and the reasons and benefits of Rights Issue as discussed in the section headed “Reasons for the Rights Issue and Use of Proceed” in the Letter from the Board.

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3.2. Historical Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the daily closing prices of the Share on the Stock Exchange for the period from 15 January 2020 (being the 12-month period immediately prior to the date of the Underwriting Agreement), up to and including the Last Trading Day (the “**Review Period**”). We consider that a period of 12 months prior to the date of Underwriting Agreement is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison between the historical closing prices of the Shares and the Subscription Price as (i) a one-year period represents a reasonable period to reflect the performance of the closing price of the Shares in response to the prevailing market condition and operating condition; (ii) a shorter review period can only demonstrate the Share price performance in a limited and specific time which may be distorted by specific events; and (iii) it is commonly used for analysis purpose. The comparison of daily closing prices of the Shares during the Review Period and the Subscription Price is shown in the chart below:



Source: The website of the Stock Exchange (<https://www.hkex.com.hk/>)

As shown in the chart above, the closing prices of the Shares during the Review Period ranged from HK\$0.121 per Share to HK\$0.89, with an average closing price of approximately HK\$0.286 per Share. The Subscription Price of HK\$0.125 per Rights Share represents a premium of approximately 3.31% over the lowest closing price of the Shares and a discount of approximately 85.96% to the highest closing price of the Shares during the Review Period.

During the period commencing from January 2020 to May 2020, the closing price of Shares fluctuated within the range from HK\$0.25 per Share to HK\$0.33 per Share. The closing price of Shares slightly increased to HK\$0.46 per Share on 5 June 2020 and started to decline on 8 June 2020. Since then, the closing price of Shares has been

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generally sliding, while it turned around to an upward trend from 30 October 2020 and reached the peak of HK\$0.89 per Share on 6 November 2020 prior to the publication of announcement in respect of the interim results for the six months ended 30 September 2020 (the “**2020/2021 Interim Results Announcement**”) on 11 November 2020. It is noted that the Group turned around from a net loss position of approximately HK\$7.9 million for the three months ended 30 June 2020 to net profit of approximately HK\$0.8 million for the six months 30 September 2020. Nonetheless, the closing price of Shares then dropped again from 19 November 2020 up to the Last Trading Day.

Notwithstanding that the Subscription Price represents a discount to the 2020/2021 Interim NAV and the highest closing price of the Shares during the Review Period, after taking into consideration that (i) the Shares had been consistently traded at a deep discount to the 2020/2021 Interim NAV per Share since the publication of the 2020/2021 Interim Results Announcement up to the Last Trading Day (ranging from a minimum discount of approximately 58.67% to a maximum discount of approximately 94.32%); (ii) the Subscription Price falls within the range of the closing prices of the Shares as quoted on the Stock Exchange during the Review Period; (iii) the Subscription Price represents a premium of approximately 3.31% over the lowest closing price of the Shares during the Review Period; (iv) the prevailing historical trading prices have already reflected the market valuation of the Company based on its financial results, corporate actions and the prevailing market sentiment; and (v) it is common market practice to set the Subscription Price at a discount to prevailing market prices, as discussed in the paragraph headed “3.4 Comparison with other rights issues” below, to increase the attractiveness for shareholders to participate in a rights issue, we are of the view that it is reasonable for the Company to set the Subscription Price with reference to its prevailing historical trading prices.

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3.3. Historical trading volume and liquidity analysis

Apart from the daily closing price of the Shares, we have also reviewed the average daily trading volume per month of the Shares for the Review Period as set out in the following table.

	Number of trading days	Average daily trading volume <i>(Approximate number of Shares) (Note 1)</i>	Average daily trading volume to total number of Shares in issue <i>(Approximate %) (Note 2)</i>	Average daily trading volume to total number of Shares held by public Shareholders <i>(Approximate %) (Note 3)</i>
2020				
January <i>(Note 4)</i>	11	176,601	0.10%	0.13%
February	20	278,023	0.16%	0.21%
March	22	1,407,016	0.80%	1.04%
April	19	286,588	0.16%	0.21%
May	20	747,202	0.43%	0.55%
June	21	4,049,727	2.31%	2.99%
July	22	1,440,682	0.82%	1.06%
August	21	152,991	0.09%	0.11%
September	22	1,636,458	0.93%	1.21%
October	18	852,572	0.49%	0.63%
November	21	14,279,046	8.14%	10.53%
December	22	1,104,857	0.63%	0.82%
2021				
January <i>(Note 5)</i>	9	12,264,458	6.99%	9.05%
Maximum		14,279,046	8.14%	10.53%
Minimum		152,991	0.09%	0.11%

Source: The website of the Stock Exchange (<https://www.hkex.com.hk/>)

Notes:

1. Computed by dividing the total daily trading volume of the Shares by the number of trading days of the respective corresponding months/periods.
2. Computed by dividing the average daily trading volume of the Shares by the total number of issued Shares of 175,520,415 Shares as at the Last Trading Day.

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3. *Computed by dividing the average daily trading volume of the Shares by the total number of issued Shares held by the public Shareholders of 135,563,165 Shares as at the Last Trading Day.*
4. *Represents trading volume for the period from 15 January 2020 to 31 January 2020, both days inclusive.*
5. *Represents trading volume for the period from 6 January 2021 to 14 January 2021, both days inclusive.*

As shown in the table above, the average daily trading volume of the Shares in each month/period were in the range of approximately 0.09% to 8.14% to the total number of issued Shares and approximately 0.11% to 10.53% to the total number of Shares held in the public Shareholders, respectively. We noted that the trading volume during November 2020 and January 2021 were exceptionally high, which might possibly be related to the publication of the 2020/2021 Interim Results Announcement and the announcement of the Company pursuant to the possible investment dated 12 January 2021.

3.4. Comparison with other rights issues

To assess the fairness and reasonableness of the Rights Issue, we have reviewed all rights issue announced by companies listed on the Stock Exchange since 15 July 2020 (i.e. the six-month period immediately prior to the date of the Underwriting Agreement (the “**Comparable Review Period**”)). We consider the Comparable Review Period is adequate and appropriate given that (i) such period would provide us with the recent and relevant information to demonstrate the prevailing market practice prior to the date of the Underwriting Agreement under the prevailing market conditions, in particular the effect of the recent COVID-19 pandemic which has significantly affected the economic sentiment; and (ii) we were able to identify sufficient samples for comparison within the Comparable Review Period. We identified an exhaustive list of 23 rights issues announced by the listed companies during the Comparable Review Period (the “**Comparables**”). Although we noted that the business activities of the Comparables are not directly comparable to those carried out by the Group and the terms of the rights issue of the Comparables may vary from companies with different financial standings, business performance and future prospects, we consider our selection to include all rights issue announced by the Comparables during the six-month period provide a more meaningful representation of the recent trend of the rights issue transactions in the prevailing market condition and could

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provide a general reference for the terms of the Rights Issue, so as to determine whether the Subscription Price is in line with those of recent rights issue transaction in the market. The following table sets forth the relevant details of the Comparables:

Date of announcement	Company name (stock code)	Basis of provisional allotment	Premium/ (Discount) of the subscription price over/to the closing price per share on the last trading day (Approx. %)	Premium/ (Discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day (Approx. %)	Theoretical dilution effect (Approx. %)	Underwritten	Underwriting commission (Approx. %)	Underwriter capacity	Excess application	Maximum dilution (Note 2) (Approx. %)
16 July 2020	Langham Hospitality Investments Limited (1270)	1 for 2	(13.60)	(9.50)	(5.20)	N	N/A	N/A	Y	33.33
30 July 2020	Larry Jewelry International Company Limited (8351)	5 for 1	(29.17)	(6.59)	(24.31) (Note 1)	Y	5.00	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	Y	83.33
5 August 2020	Greatwall Inc. (8315)	1 for 3	(27.54)	(21.88)	(7.25)	Y	a lump sum amount of HK\$200,000	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	Y	25.00
10 August 2020	Beaver Group (Holding) Company Limited (8275)	1 for 2	(28.95)	(20.59)	(10.53)	Y	5.00	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	Y	33.33
24 August 2020	Wealth Glory Holdings Limited (8269)	5 for 2	(11.10)	(3.60)	(8.50)	Y	2.50	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	Y	71.43
28 August 2020	Royal Century Resources Holdings Limited (8125)	2 for 1	(25.00)	(10.00)	(19.05)	Y	2.00	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	N	66.67

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Date of announcement	Company name (stock code)	Basis of provisional allotment	Premium/ (Discount) of the subscription price over/to the closing price per share on the last trading day (Approx. %)	Premium/ (Discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day (Approx. %)	Theoretical dilution effect (Approx. %)	Underwritten	Underwriting commission (Approx. %)	Underwriter capacity	Excess application	Maximum dilution (Note 2) (Approx. %)
28 August 2020	Milan Station Holdings Limited (1150)	5 for 2	(10.57)	(3.51)	(9.17) (Note 1)	Y	2.00	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	Y	71.43
3 September 2020	Aeso Holding Limited (8341)	3 for 1	(16.70)	(4.80)	(12.50)	N	N/A	N/A	N	75.00
11 September 2020	Amber Hill Financial Holdings Limited (53)	3 for 1	(23.66)	(7.79)	(20.41)	N	N/A	N/A	N	75.00
18 September 2020	Wan Cheng Metal Packaging Company Limited (8291)	3 for 1	(19.40)	(5.70)	(14.52)	N	N/A	N/A	N	75.00
25 September 2020	Green International Holdings Limited (2700)	1 for 1	(17.81)	(9.77)	(14.03)	Y	2.50	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity (Note 4)	Y	50.00
16 October 2020	The Hong Kong Building and Loan Agency Limited (145)	1 for 3	(13.90)	(10.90)	3.50	Y	1.50	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	Y	25.00
19 October 2020	CHK Oil Limited (632)	3 for 8	26.58	17.99	6.96	N	N/A	N/A	Y	27.27
27 October 2020	Longhui International Holdings Limited (1007)	1 for 1	(29.00)	(16.96)	(14.50)	Y	higher of HK\$100,000 or 1.50%	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	Y	50.00
4 November 2020	Top Form International Limited (333)	2 for 5	(21.88)	(16.67)	(6.25)	Y	Nil	Controlling shareholder	N	28.57

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Date of announcement	Company name (stock code)	Basis of provisional allotment	Premium/ (Discount) of the subscription price over/to the closing price per share on the last trading day	Premium/ (Discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day	Theoretical dilution effect (Approx. %)	Underwritten	Underwriting commission (Approx. %)	Underwriter capacity	Excess application	Maximum dilution (Note 2) (Approx. %)
			(Approx. %)	(Approx. %)						
5 November 2020	Asia-Pac Financial Investment Company Limited (8193)	3 for 1	(10.70)	(3.70)	(9.90)	N	N/A	N/A	N	75.00
10 November 2020	China Fortune Holdings Limited (110)	1 for 1	(5.36)	(2.75)	(2.75)	N	N/A	N/A	Y	50.00
20 November 2020	Global Strategic Group Limited (8007)	4 for 1	(20.79)	(4.76)	(17.56)	Y	3.00	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	Y	80.00
3 December 2020	Capital Finance Holdings Limited (8239)	2 for 1	4.65	1.50	3.10 (Note 1)	N	N/A	N/A	N	66.67
14 December 2020	Chinlink International Holdings Limited (997)	3 for 1	(13.64)	(4.58)	(11.70)	Y	2.50	Licensed corporation carrying out Type 1 (dealing in securities) regulated activity	Y	75.00
22 December 2020	FDG Kinetic Limited (378)	9 for 1	(91.30) (Note 3)	(51.00) (Note 3)	(82.10) (Notes 1 and 3)	N	N/A	N/A	N	90.00
31 December 2020	Pacific Century Premium Developments Limited (432)	1 for 2	0.00	0.00	0.40 (Note 1)	N	N/A	N/A	Y	33.33
6 January 2021	Sinolink Worldwide Holdings Limited (1168)	4 for 5	(42.86)	(31.37)	(20.09)	N	N/A	N/A	Y	44.44
		Maximum	26.58	17.99	6.96		5.00		90.00	
		Minimum	(91.30)	(51.00)	(82.10)		1.50		25.00	
		Average	(19.20)	(9.87)	(13.22)		2.89		56.73	
		Median	(17.81)	(6.59)	(10.53)		2.50		66.67	

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Date of announcement	Company name (stock code)	Basis of provisional allotment	Premium/ (Discount) of the subscription price over/to the closing price per share on the last trading day	Premium/ (Discount) of the subscription price over/to the theoretical ex-right price per share based on the closing price per share on the last trading day	Theoretical dilution effect (Approx. %)	Underwritten	Underwriting commission (Approx. %)	Underwriter capacity	Excess application	Maximum dilution (Note 2) (Approx. %)
			(Approx. %)	(Approx. %)						
Excluding FDG Kinetic Limited which we consider as outlier										
		Maximum	26.58	17.99	6.96		5.00		83.33	
		Minimum	(42.86)	(31.37)	(24.31)		1.50		25.00	
		Average	(15.93)	(8.00)	(10.09)		2.89		55.22	
		Median	(17.26)	(6.15)	(10.22)		2.50		58.34	
20 January 2021	The Company	3 for 1	(31.32)	(10.07)	(23.63)	Y	2.50	Y	75.00	

Source: The website of the Stock Exchange (<https://www.hkex.com.hk/>)

Notes:

- (1) The relevant announcements did not disclose the theoretical dilution effect. The theoretical dilution effect of these companies were calculated in accordance with Rule 7.27B of the Listing Rules or Rule 10.44A of the Gem Listing Rules for companies listed on GEM.
- (2) Maximum dilution is calculated according to the basis of entitlement of each rights issue with formula: $(\text{number of new shares to be issued under the basis of entitlement}) / (\text{number of existing shares held for the entitlement for the new shares under the basis of entitlement} + \text{number of new shares to be issued under the basis of entitlement}) \times 100\%$
- (3) The figure has been excluded from the computations as it appears to be abnormally low as compared to the rest of the Comparables and is considered as outlier which may skew the overall results.
- (4) The underwriter is a wholly-owned subsidiary of the company.

As illustrated from the above table, it is a common market practice that the pricing of a rights issue represents a discount to both the closing share prices on the last trading day and to the theoretical ex-entitlement prices of the shares. After excluding the outlier (i.e. FDG Kinetic Limited) from the Comparables, the subscription prices of the Comparables:

- (i) ranged from a discount of approximately 42.86% to a premium of approximately 26.58% (the “**Comparable LTD Range**”), with an average of a discount of approximately 15.93% and a median of a discount of approximately 17.26% as compared to their respective closing prices per share on the last trading day prior to/on the dates of the relevant announcements of the Comparables. The discount of approximately 31.32% to the closing price per Share on the Last Trading Day as represented by the Subscription Price (the “**LTD Discount**”) is within the Comparable LTD Range; and

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- (ii) ranged from a discount of approximately 31.37% to a premium of approximately 17.99% (the “**Comparable TERP Range**”), with an average discount of approximately 8.00% and a median of a discount of approximately 6.15% as compared to their respective average theoretical ex-rights prices per share based on the closing prices on the last trading day prior to/on the dates of the relevant announcements of the Comparables. The discount of the Subscription Price to the theoretical ex-rights price per Share (the “**TERP Discount**”) is approximately 10.07%, which is within the Comparable TERP Range.

In addition, it is noted that the theoretical dilution effect of the Comparables, after excluding the outlier from the Comparables, ranged from a discount of approximately 24.31% to a premium of approximately 6.96% (the “**Comparable TDE Range**”), with an average discount of approximately 10.09% and a median discount of approximately 10.22%. The theoretical dilution effect of the Rights Issue of approximately 23.63% falls within the Comparable TDE Range and does not result in a theoretical dilution effect of 25% or more, which is in compliance with Rule 10.44A of the GEM Listing Rules. Indeed, a relatively higher discount of the Subscription Price with a balance of an acceptable theoretical dilution effect would be more attractive to the Independent Shareholders for their participation in the Rights Issue. As such, the Management considers and we, having considered the above comparable analysis together with other factors discussed in this letter, concur that the Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Excess application

As mentioned in the Letter from the Board, Qualifying Shareholders will be entitled to apply for (i) the Rights Shares representing the entitlement of the Excluded Shareholders which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or transferees of nil-paid Rights Shares.

Among the Comparables, we noted that 15 out of 23 of the Comparables allow for application of excess rights shares. As such, we consider that it is a market practice for providing application for excess rights shares, and the possibility of applying for excess Rights Share under the proposed Rights Issue is in normal commercial terms.

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The Underwriting Agreement

As disclosed in the Letter from the Board, the Rights Shares will be fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement as described below.

Date	:	14 January 2021 (after trading hours of the Stock Exchange)
Issuer	:	the Company
Underwriter	:	Emperor Securities

The Underwriter is a licensed corporation carrying out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities. As at the Latest Practicable Date, the Underwriter did not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of and not connected with the Company and its connected persons. The Underwriter confirmed that it has complied with the GEM Listing Rules that it is licensed under the SFO for Type 1 regulated activity and its ordinary course of business includes underwriting of securities, and it is not a connected person of the Company.

Number of Rights Shares underwritten by the Underwriter	:	not less than 526,561,245 and not more than 554,915,532 Rights Shares
Underwriting Commission	:	2.5% of the aggregate Subscription Price in respect of the Underwritten Shares

As disclosed in the Letter from the Board, 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 financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing market rate.

LETTER FROM LEGO CORPORATE FINANCE

Among the Comparables, we noted that 12 out of 23 of the Comparables were also conducted on an underwritten basis, and the commission rate of 2.5% fall within the range of nil to 5.00%. As such, we consider that it is not uncommon for rights issue to be proceeded on an underwritten basis and we concur with the Management's view that the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

Based on the above analysis and the facts that (i) the Shares had been consistently traded at a deep discount to the 2020/2021 Interim NAV per Share since the publication of the 2020/2021 Interim Results Announcement up to the Last Trading Day (ranging from a minimum discount of approximately 58.67% to a maximum discount of approximately 94.32%); (ii) the Subscription Price falls within the range of the closing prices of the Shares as quoted on the Stock Exchange during the Review Period; (iii) the Subscription Price represents a premium of approximately 3.31% over the lowest closing price of the Shares during the Review Period; (iv) the prevailing historical trading prices of the Company have already reflected the market valuation of the Company; (v) it is common for the listed companies on the Stock Exchange to set the subscription price of rights issue at a discount to the market price of the listed shares in order to enhance the attractiveness of the rights issue transactions, which would encourage the shareholders to participate in the rights issue and accordingly maintain their shareholding interests in the company and participate in the future growth of the company; (vi) the LTD Discount and the TERP Discount under the Rights Issue falls within the Comparable LTD Range and the Comparable TERP Range, respectively; and (vii) other terms of the Rights Issue and the Underwriting Agreement were not uncommon in the market, we consider that the Subscription Price and the terms of the Rights Issue and Underwriting Agreement are on normal commercial term and fair and reasonable so far as the Independent Shareholders are concerned.

4. Potential dilution effect on the interests of the Independent Shareholders

All the 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. 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. Where all Qualifying Shareholders do not accept the Rights Issue and the Underwriter has taken up the maximum number of excess Rights Shares, the maximum dilution effect on the Qualifying Shareholders' shareholding interests will be approximately 75.00% (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and approximately 75.00% (assuming full exercise of the Share Options on or before the Latest Lodging Date and no other issue or repurchase of Shares on or before the Record Date), respectively. Details of such dilution effect are presented in the section headed "Shareholding structure of the Company" in the Letter from the Board.

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Meanwhile, those Qualifying Shareholders who wish to increase their proportional shareholding interests in the Company through the Rights Issue may (i) subject to availability, acquire additional nil-paid rights in the market; and (ii) apply for the excess Rights Shares since the Rights Issue also allow for excess application of the Rights Shares.

The basis of entitlement of the Rights Issue is three Rights Shares for every one existing Share held on the Record Date. We are advised by the Management that having considered the recent trading prices of the Shares in open market and the existing share capital of the Company, the Management is of the view that the capital to be raised by the Rights Issue at a ratio of three Rights Shares for every one existing Share held on the Record Date would meet the capital need of the Group whereas (i) a larger ratio would require the Qualifying Shareholders to take up more entitlements to avoid being diluted and increase underwriting effort of underwriters leading to higher commission; and (ii) a smaller ratio would not cater for sufficient capital meeting the Group's requirement.

As set out in the subsection headed "3.4. Comparison with other rights issues", the potential maximum dilution of the shareholdings for the Comparables, after excluding the outlier from the Comparables, ranged from approximately 25.00% to 83.33% ("**Dilution Market Range**"). The 75.00% potential maximum dilution of the Rights Issue hence falls within the Dilution Market Range. Nonetheless, we consider that the foregoing should be balanced against by the following factors:

- (a) Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue and the Underwriting Agreement through their votes at the EGM;
- (b) Qualifying Shareholders have their choice whether to accept the Rights Issue or not;
- (c) Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market;
- (d) there is no guarantee that Qualifying Shareholders can realise their nil-paid rights to subscribe for the Rights Shares in the market but proposed Rights Issue rather than debt financing and/or open offer is a more appropriate fund raising method to the Company for the time being. All the Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares, which is a fair method to allow the Qualifying Shareholders to reinvest in the Company, if they so wish to, in priority to other potential investor;
- (e) 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 interest in the Company at a relative low price as compared to the historical and prevailing market price of the Shares;
- (f) the theoretical dilution effect of the Rights Issue is below 25%, the benchmark as set out in Rule 10.44A of the GEM Listing Rules;

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- (g) 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;
- (h) given the relatively low cash position of the Company, and majority of its current assets are loans and interest receivables which may not be readily available for the Company's use, the Company may face intensified liquidity position if it does not take immediate action to increase its financial resources to prepare for repayment of its borrowings; and
- (i) part of the net proceeds of the Rights Issue will be applied for the operation and expansion of the existing business of the Group.

Having considered the above, we consider that basis of entitlement of three Rights Shares for every one existing Share held on the Record Date and the potential dilution effect on the shareholding interests of the Qualifying Shareholders, the latter may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares, to be acceptable.

5. Financial effect of the Rights Issue

It should be noted that the information below is for illustrative purpose only and do not purport to represent how the financial position of the Company will be upon completion of the proposed Rights Issue.

Liquidity

According to the 2020/2021 Interim Report, the cash and bank balance — general accounts of the Group amounted to approximately HK\$24.2 million as at 30 September 2020. As part of the net proceeds from the Rights Issue will be applied as additional working capital of the Group, the Group's liquidity position would be improved upon completion of Rights Issue.

Gearing ratio

According to the 2020/2021 Interim report, the Group's gearing ratio (“**Gearing Ratio**”), which is computed as the total lease liabilities and interest-bearing borrowings over total equity, was approximately 14% as at 30 September 2020. Since part of the net proceeds intended to be utilised for the repayment of borrowings, the borrowings level of the Group is expected to decrease. The capital base of the Group would also be enlarged by the Rights Shares upon completion of the Rights Issue. Accordingly, the gearing ratio of the Group will be improved as a result of the Rights Issue.

Considering the possible benefits of the proposed Rights Issue as discussed above, we are of the view that the proposed Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM LEGO CORPORATE FINANCE

RECOMMENDATION

Taking into consideration of the principal factors and reasons as set out in this letter, we are of the view that the terms of the Rights Issue is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Rights Issue and the Underwriting Agreement.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Joshua Liu
Managing Director

Mr. Joshua Liu is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the securities and investment banking industries.

A. FINANCIAL INFORMATION

The audited financial information of the Group for each of the three years ended 31 March 2018, 2019 and 2020 can be referred to the annual reports of the Company for the years ended 31 March 2018 (<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0628/gln20180628171.pdf>) (pages 40 to 105), 2019 (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0627/gln20190627085.pdf>) (pages 42 to 131) and 2020 (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0626/2020062600475.pdf>) (pages 45 to 129) published on 28 June 2018, and 27 June 2019 and 26 June 2020 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 2018, 2019 and 2020. The unaudited financial information of the Group for the six months ended 30 September 2020 can be referred to the interim report of the Company for the six months ended 30 September 2020 (pages 3 to 38).

The said annual and interim reports of the Company are available on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.romagroup.com).

B. INDEBTEDNESS

At the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings comprise the following:

Bank borrowings

As at the close of business on 31 December 2020, being the latest practicable date on which such information was available to the Company, the bank borrowings of approximately HK\$41.4 million were secured by bank deposits of HK\$47.5 million placed in a bank. Interest is charged at London Inter-bank Offered Rate plus 1 per cent per annum.

Other borrowings

As at 31 December 2020, the Group had unsecured other borrowings of HK\$5.8 million and a secured other borrowing of HK\$6.5 million, which is secured by the Group's investment property. The carrying amount of the investment property as at 31 December 2020 amounted to approximately HK\$10.0 million.

Lease liabilities

The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates. At the close of business on 31 December 2020, being the latest practicable date on which such information was available to the Company, the Group had current and non-current lease liabilities amounting to HK\$4.3 million and HK\$5.7 million, respectively.

Contingent Liabilities

As at 31 December 2020, 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 December 2020.

C. 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.

D. BUSINESS AND FINANCIAL REVIEW

For the year ended 31 March 2020, the Group recorded an increase of approximately 8.6% in revenue as compared with that for the year ended 31 March 2019. Such increase was attributable to an increase in interest income generated from provision of financing services and the services fee income generated from the new segment of securities broking, placing and underwriting and investment advisory and asset management services outweighed a decrease in the services fee income generated from provision of valuation and advisory services.

The services fee income generated from provision of valuation and advisory services decreased by approximately 5.7% to approximately HK\$44.7 million for the year ended 31 March 2020 from approximately HK\$47.4 million for the year ended 31 March 2019. The outbreak of COVID-19 in the last three months of the year ended 31 March 2020 caused revenue for this quarter to decline and resulted in a slight decrease in revenue for the full financial year.

The interest income generated from provision of financing services increased by approximately 16.7% to approximately HK\$26.6 million for the year ended 31 March 2020 from approximately HK\$22.8 million for the year ended 31 March 2019. The increase in interest income was mainly attributable to the expansion of loan portfolio during the year ended 31 March 2020 as compared with that for the year ended 31 March 2019.

In addition, new segment of securities broking, placing and underwriting and investment advisory and asset management services has started operation and it has contributed approximately HK\$4.9 million revenue to the Group during the year ended 31 March 2020.

With the continuous expansion of the Group, The Group's employee benefit expenses increased by approximately 10.0% for the year ended 31 March 2020 as compared with those for the year ended 31 March 2019. The increase was mainly attributable to rise of the headcounts. The Group always values the contribution of its professional and management teams and has distributed bonus and granted share options under the Share Option Scheme to certain staff during the year ended 31 March 2020 to retain high-caliber individuals for continuous contribution to the Group.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group obtained a license from the SFC under the SFO to carry out Type 1 regulated activity (dealing in securities) on 13 December 2018. It has started operation and has brought a positive effect to the Group's performance during the year ended 31 March 2020. In addition, the Group acquired a company licensed by the SFC to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO during the financial year ended 31 March 2020. The Group will pursue to become a sophisticated securities house in Hong Kong providing a wide range of financial services with a view to achieving a sustainable growth and increasing revenue streams, and maximising the return to the Shareholders in long run. Since year ended 31 March 2019, the Group has expanded its service scope to the provision of environmental, social and governance reporting service, which became a new key driver for growth under the valuation and advisory service segment. The Group has been continuously exploring different opportunities to broaden its income stream and strengthen its market presence. The outbreak of COVID-19 has caused disruptions to the economic and social activities in the market that the Group operates in. Those disruptions pose threat on affecting the entire world and make the outlook highly uncertain. However, the Board remains optimistic 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. It is undeniable that the global economy faces its challenges in recent history due to the COVID-19 pandemic. Looking forward, the Group will continue to adopt diversified strategies with a view to grasping all valuable business opportunities for the Group to advance its business model and to growth in the coming years.

A UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 September 2020.

The Unaudited Pro Forma Financial Information has prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group immediately after the completion of the Rights Issue or at any future date after the completion of the Rights issue.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2020, as extracted from the published interim report of the Company for the six months ended 30 September 2020 and is adjusted to reflect the effect of the Rights Issue as if the Rights Issue has been completed on 30 September 2020.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company per share as at 30 September 2020 <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share, as at 30 September 2020 immediately after completion of the Rights Issue <i>(Note 4)</i>
Based on					
526,561,245					
Rights Shares					
at					
Subscription					
Price of					
HK\$0.125					
per Rights					
Share	<u>365,585</u>	<u>63,036</u>	<u>428,621</u>	<u>HK\$2.08 per share</u>	<u>HK\$0.61 per share</u>

Notes:

- (1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2020 is calculated based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 September 2020 of approximately HK\$373,710,000 after deducting intangible assets and goodwill as at 30 September 2020 of approximately HK\$4,957,000 and HK\$3,168,000, respectively, as extracted from the published interim report of the Company for the six months ended 30 September 2020.
- (2) The estimated net proceeds from the Rights Issue are based on 526,561,245 Rights Shares at the Subscription Price of HK\$0.125 per Rights Share and after deduction of the estimated underwriting commission and other legal and professional expenses of approximately HK\$2,784,000 expected to be incurred by the Company.
- (3) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company per share as at 30 September 2020 was based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2020 of approximately HK\$365,585,000, divided by 175,520,415 shares in issue as at 30 September 2020.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share immediately after the completion of the Rights Issue was based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue of approximately HK\$428,621,000, divided by 702,081,660 shares which represents 175,520,415 shares in issue as at 30 September 2020 and 526,561,245 Rights Shares to be issued pursuant to the Rights Issue, assuming the Rights Issue had been completed on 30 September 2020.
- (5) No adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2020.

The following is the text of a report received from, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, in respect of the unaudited pro forma financial information of the Group for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION



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 adjusted consolidated net tangible assets of the Group as at 30 September 2020 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 1 to 2 of Appendix II to the Company’s circular dated 22 February 2021 (the “**Circular**”) in connection with the Company’s proposed rights issue on the basis of three rights shares for every one existing share held on the record date at the subscription price of HK\$0.125 per rights share (the “**Rights Issue**”). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in the notes set out on pages 1 to 2 of Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Rights Issue on the unaudited consolidated net tangible assets of the Group as at 30 September 2020 as if the Rights Issue had taken place as at 30 September 2020. As part of this process, information about the Group’s unaudited consolidated net tangible assets has been extracted by the directors from the Group’s unaudited condensed consolidated statement of financial position as at 30 September 2020, on which no audit or review report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The directors 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 GEM 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 (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement 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 behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Review 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 Accountant’s 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 accountant plans and performs procedures to obtain reasonable assurance about whether the directors 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 this circular is solely to illustrate the impact of the Rights issue on unadjusted financial information of the Group as if 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 transaction as at 30 September 2020 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 transaction, and to obtain sufficient appropriate evidence about whether:

- the related 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 accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the 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 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.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12
28 Hennessy Road
Wanchai
Hong Kong

22 February 2021

Ng Ka Kong
Practising Certificate No.: P06919

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 Group. 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

(i) Share capital as at the Latest Practicable Date

HK\$

Authorised:

<u>57,600,000,000</u> Shares of HK\$0.01 each	<u>576,000,000</u>
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Issued and fully paid:

<u>175,520,415</u> Shares of HK\$0.01 each	<u>1,755,204.15</u>
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(ii) Share capital upon the completion of the Rights Issue (assuming no further issue of Shares or repurchase of Shares on or before the completion of the Rights Issue (other than issue of Rights Shares))

HK\$

Authorised:

<u>57,600,000,000</u> Shares of HK\$0.01 each	<u>576,000,000</u>
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Issued and fully paid:

175,520,415 Shares of HK\$0.01 each	1,755,204.15
<u>526,561,245</u> Rights Shares of HK\$0.01 each	<u>5,265,612.45</u>
<u>702,081,660</u>	<u>7,020,816.60</u>

(iii) Share Capital upon the completion of the Rights Issue (assuming full exercise of the Share Options and no other issue or repurchase of Shares on or before the completion of the Rights Issue (other than issue of Rights Shares))

HK\$

Authorised:

<u>57,600,000,000</u>	Shares of HK\$0.01 each	<u>576,000,000</u>
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Issued and fully paid:

HK\$

175,520,415	Shares of HK\$0.01 each	1,755,204.15
9,451,429	Shares to be issued upon full exercise of the Share Options	94,514.29
<u>554,915,532</u>	Rights Shares of HK\$0.01 each	<u>5,549,155.32</u>
<u>739,887,376</u>		<u>7,398,873.76</u>

All the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Company will apply to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. 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 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 were no arrangements under which future dividends are waived or agreed to be waived. As at the Latest Practicable Date, there are 9,451,429 outstanding Share Options, which are exercisable during the period from 19 June 2019 to 18 June 2022 entitling the holders thereof to subscribe for a total of 9,451,429 new Shares at the prevailing exercise price.

Save as disclosed above, the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interest and short positions in shares and underlying shares and debentures of the Company of its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant

to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code of Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Directors	Capacity/nature of interests	Number of Shares held	Approximate % of interests (Note 1)
Mr. Chung, Man Lai	Interest of spouse/ Family interest	1,250	0.00%

Note 1: The percentage is calculated on the basis of the total number of issued Shares as at the Latest Practicable Date

(b) Substantial Shareholder’s interests in Shares

As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than a director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Directors	Capacity/nature of interests	Number of Shares held	Approximate % of interests (Note 1)
Mr. Luk (Note 2)	Interest of controlled corporation	39,956,000	22.76%
Aperto Investments Limited	Beneficial owner	39,956,000	22.76%
The Underwriter	Underwriter	554,915,532 (Note 3)	75.97%
Emperor Capital Group Limited	Interest of controlled corporation	554,915,532 (Note 3)	75.97%
Albert Yeung Capital Holdings Limited	Interest of controlled corporation	554,915,532 (Note 3)	75.97%
CDM Trust & Board Services AG	Trustee	554,915,532 (Note 3)	75.97%
Dr. Yeung Sau Shing, Albert	Founder of a discretionary trust	554,915,532 (Note 3)	75.97%
Ms. Luk Sui Man, Semon	Interest of spouse	554,915,532 (Note 3)	75.97%

Name of Directors	Capacity/nature of interests	Number of Shares held	Approximate % of interests (Note 1)
Get Nice Securities Limited	Beneficial owner	200,000,000 (Note 4)	27.38%
Get Nice Incorporated	Interest in controlled corporation	200,000,000 (Note 4)	27.38%
Get Nice Holdings Limited	Interest in controlled corporation	200,000,000 (Note 4)	27.38%
Get Nice Financial Group Limited	Interest in controlled corporation	200,000,000 (Note 4)	27.38%
Honeylink Agents Limited	Interest in controlled corporation	200,000,000 (Note 4)	27.38%
Hung Hon Man	Interest in controlled corporation	200,000,000 (Note 4)	27.38%

Notes:

1. Calculation of percentage shareholding assuming completion of the Rights Issue and assuming no further issue of Shares or repurchase of Shares on or before the completion of the Rights Issue (other than issue of the Rights Shares) on or before the Latest Lodging Date, save for that of Mr. Luk and Aperto Investments Limited, which was calculated based on the total number of issued Shares as at the Latest Practicable Date.
2. Mr. Luk is the sole beneficial shareholder of Aperto Investments Limited. Therefore, Mr. Luk is deemed to be interested in 39,956,000 Shares held by Aperto Investments Limited under the SFO.
3. The 554,915,532 Shares are the Rights Shares in which the Underwriter is interested under the Underwriting Agreement assuming no Qualifying Shareholders take up their Rights Shares. The Underwriter is wholly owned by Emperor Capital Investment Holdings Limited, a wholly owned subsidiary of Emperor Capital Group Limited which in turn is owned as to 42.72% by Emperor Capital Group Holdings Limited (a wholly owned subsidiary of Albert Yeung Capital Holdings Limited). Albert Yeung Capital Holdings Limited is held by CDM Trust & Board Services AG, a trustee for a private trust, the founder of which is Dr. Yeung Sau Shing, Albert. Ms. Luk Siu Man, Semon is the spouse of Dr. Yeung Sau Shing, Albert and is deemed or taken to be interested in all the Shares in which Dr. Yeung Sau Shing, Albert has, or is deemed to have, an interest for the purpose of the SFO.
4. Get Nice Securities Limited has deemed interest in 200,000,000 Shares by virtue of itself acting as a sub-underwriter agreeing to sub-underwrite the said shares in relation to the Rights Issue. Get Nice Securities Limited is wholly owned by Get Nice Incorporated which is in turn wholly owned by Get Nice Financial Limited. Get Nice Holdings Limited has 72.99% interest in issued shares of Get Nice Financial Limited. Get Nice Holdings Limited is owned as to 61.32% by Honeylink Agents Limited which is wholly owned by Hung Hon Man. Get Nice Incorporated, Get Nice Financial Limited and Get Nice Holdings Limited are deemed to be interested in the Shares held by Get Nice Securities Limited.

Save as disclosed above, as at Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the

nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined under the GEM Listing Rules) had any interests in any business which competed or might compete with the business of the Group.

5. DIRECTORS' INTEREST IN ASSETS/CONTRACTS

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 2020 (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.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

7. LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance, known to the Directors, pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm there is no material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into under the ordinary course of business of the Group) have been entered into by the Company within the two years immediately preceding the Latest Practicable Date and are or may be material:

- the Underwriting Agreement;

- on 31 October 2019, M Success Finance Limited, an indirect wholly-owned subsidiary of the Company, as lender and Bizstar Global Limited as borrower entered into a loan agreement to grant a loan in an amount up to HK\$5,000,000.
- on 28 January 2019, M Success Finance Limited, an indirect wholly-owned subsidiary of the Company, as purchaser, an individual, being a holder of Hong Kong identity card, as vendor and an investment holding company incorporated in Hong Kong and two individuals, being all the directors and shareholders of the investment holding company, as borrowers entered into a sale and purchase deed to purchase the mortgage loan portfolio at the consideration of HK\$15,003,000.
- on 21 December 2019, Fantastic Adventure Holdings Limited, an indirect wholly-owned subsidiary of the Company, as purchaser and an individual as vendor entered into a sale and purchase agreement in relation to the acquisition of Leo Asset Management Limited, a corporation licensed by the SFC to conduct Type 4 (advising on securities and Type 9 (asset management) regulated activities under the SFO, at the consideration of HK\$12 million.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions, letters or advices which are contained in this circular:

Name	Qualifications
Grant Thornton Hong Kong Limited	Certified Public Accountants, Hong Kong
Lego Corporate Finance 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 its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts had any shareholding in any member of the Group nor did they have any 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, none of the above experts had any direct or indirect interest in any assets which had been, since 31 March 2020 (the date to which the latest published audited financial statements of the Group were made up), acquired, disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands
Head Office and Principal Place of Business in Hong Kong	22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong
Authorised Representatives	Mr. Yue Kwai Wa Ken Mr. Li Sheung Him Michael
Company Secretary	Mr. Yue Kwai Wa Ken, AICPA
Compliance Officer	Mr. Yue Kwai Wa Ken
Auditor/Reporting Accountants	Grant Thornton Hong Kong Limited Certified Public Accountants Level 12, 28 Hennessy Road, Wanchai Hong Kong
Principal Bankers	China Construction Bank (Asia) Corporation Limited 11/F, CCB Centre 18 Wang Chiu Road, Kowloon Bay Kowloon, Hong Kong
Principal Share Registrar and Transfer Office	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	Boardroom Share Registrars (HK) Limited 2103B, 21/F, 148 Electric Road, North Point, Hong Kong
Legal Advisers to the Company	C&T Legal LLP 22/F, Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong

Underwriter	Emperor Securities Limited 23–24/F, Emperor Group Centre 288 Hennessy Road, Wanchai Hong Kong
Financial Adviser to the Company	Emperor Capital Limited 23/F, Emperor Group Centre 288 Hennessy Road, Wanchai Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Lego Corporate Finance Limited Room 1601, 16/F, China Building 29 Queen’s Road Central Hong Kong

12. PARTICULARS OF DIRECTORS

Executive Directors

Mr. Yue, Kwai Wa Ken (余季華), aged 55, was 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 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, a member of the Chartered Global Management 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. Mr. Yue was an independent non-executive director of Pan Asia Data Holdings Inc. (formerly known as Manfield Chemical Holdings Limited) (Stock code: 1561) between 6 November 2015 and 31 December 2018. The shares of the abovementioned companies are listed on the Stock Exchange.

Mr. Li, Sheung Him Michael (李尚謙), aged 37, was appointed as an executive Director on 31 May 2018. He is also a director of a number of subsidiaries of the Company. Mr. Li obtained BSc Biochemistry from Imperial College, London in September 2005 and MRes in Structural Biology from Birkbeck College, London in September 2006. From September 2007 to November 2009, Mr. Li was the business development manager of Kinetics Group in London. Since January 2010, Mr. Li has been working in the Group as a project director.

Independent Non-executive Directors

Mr. Chung, Man Lai (鍾文禮), aged 44, was appointed as an independent non-executive Director on 1 March 2020. He is also the chairman of the audit committee (the “**Audit Committee**”) and members of the nomination committee (the “**Nomination Committee**”) and the remuneration committee (the “**Remuneration Committee**”) of the Board. Mr. Chung has over 20 years of experience in auditing and accounting. Mr. Chung obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in November 1998 and a master of business administration degree with a major in international business from EU Business School in December 2018. Mr. Chung is a fellow member of the Hong Kong Institute of Certified Public Accountants. He worked in Ernst & Young from 2004 to 2007 and was the chief financial officers of CMIC Ocean EnTech Holding Co., Ltd. (formerly known as TSC Group Holdings Limited) (Stock code: 206) and IDT International Limited (Stock code: 167), both are companies listed on the Main Board of the Stock Exchange, for the period from January 2008 to April 2016 and from April 2016 to December 2016, respectively. Since December 2019, he is an independent non-executive director of Century Group International Holdings Limited (Stock code: 2113), which is a company listed on the Main Board of the Stock Exchange. He is also a non-executive director of Greatwalle Inc. (the share of which are listed on GEM of the Stock Exchange, Stock code: 8315) since March 2020. He was also an independent non-executive director of Aurum Pacific (China) Group Limited (the shares of which are listed on GEM of the Stock Exchange, Stock code: 8148) for the period from 1 April to 15 September 2020 and redesignated as an executive director since 15 September 2020. Mr. Chung was appointed as the chief financial officer, company secretary member of the risk management committee and authorised representative of D&G Technology Holding Company Limited (the shares of which are listed on the Main Board of the Stock Exchange, Stock code: 1301) with effect from 23 September 2020.

Mr. Ko, Wai Lun Warren (高偉倫), aged 53, 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. 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 a 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 was also an independent non-executive director of Cloud Investment Holdings Limited (formerly known as China Bio Cassava Holdings Limited) whose shares are listed on GEM of the Stock Exchange (Stock code: 8129) between 13 February 2014 and 26 March 2019.

Ms. Li, Tak Yin (李德賢), aged 40, was appointed as an independent non-executive Director on 13 September 2017. She is the chairperson of Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Ms. Li has over 14 years of experience in sales and marketing. She joined Unisto Ltd., a company based in Switzerland for the period from 2006 to 2020. She worked as a sales executive in

2006, then promoted as a sales manager in 2008, and was later promoted as the sales manager of the Asia region in 2015. She was responsible for the sales and marketing of name badge section in the Asian market, including Hong Kong, Macau, Taiwan, Singapore and Philippines. Ms. Li is currently the directors of Golden Epoch Asia Limited and Golden Epoch Group Limited since 2021. She holds a Bachelor of Arts (Hons) in marketing from The Hong Kong Polytechnic University.

Business address of the Directors

The business address of the Directors is the same as the Company's head office and the principal place of business in Hong Kong located at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong.

13. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, financial advising fees, printing, registration, translation, legal and accounting fees are estimated to be approximately HK\$2.82 million and are payable by the Company.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong 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:

- (i) the memorandum of association and the articles of association of the Company;
- (ii) the annual reports of the Company for the two financial years ended 31 March 2019 and 31 March 2020 and the interim report of the Company for the six months ended 30 September 2020;
- (iii) the letter from the Independent Board Committee, the text of which is set out on pages 24 to 25 of this circular;
- (iv) the letter of advice from Lego Corporate Finance, the text of which is set out on pages 26 to 54 of this circular;
- (v) the independent reporting accountants' assurance report on the unaudited pro forma financial information of the Group issued by Grant Thornton Hong Kong Limited set out in Appendix II to this circular;
- (vi) the written consents referred to in the paragraph under the heading "Experts and Consents" in this Appendix;
- (vii) the material contracts disclosed in the paragraph under the heading "Material Contracts" in this Appendix; and
- (viii) this circular.

15. GENERAL

In case of inconsistency, the English text of this circular, the accompanying notice of the EGM and form of proxy shall prevail over its Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Roma Group Limited (the “**Company**”) will be held at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong at 2:30 p.m. on Wednesday, 10 March 2021 for the purpose of considering and, if thought fit, passing, with or without amendments, the following ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT** conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant (subject to allotment) and not having revoked the listing of and permission to deal in the Rights Shares (as defined below) to be allotted and issued to the shareholders of the Company (the “**Shareholders**”) pursuant to the terms and conditions of the Rights Issue (as defined below); and (ii) satisfaction of all conditions as set out in the paragraph headed “Conditions of the Rights Issue” in the letter from the board of the circular of the Company dated 22 February 2021 (the “**Circular**”):
 - (a) the issue by way of rights issue (the “**Rights Issue**”) of no less than 526,561,245 new ordinary shares of HK\$0.01 each (the “**Shares**”) and no more than 554,915,532 Shares in the share capital of the Company (“**Rights Shares**”) at the subscription price of HK\$0.125 per Rights Share on the basis of every three (3) Rights Shares for every one (1) existing Share of the Company held by the shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on Monday, 22 March 2021 (or such other date as may be agreed between the Company and Emperor Securities Limited (the “**Underwriter**”) in writing for the determination of the entitlements under the Rights Issue) (the “**Record Date**”) other than those shareholders (the “**Excluded Shareholders**”) of the Company whose addresses as shown on the register of members of the Company are outside Hong Kong, whom the directors of the Company (the “**Directors**”), based on legal advice provided by legal advisers in the relevant jurisdictions, 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 or the requirements of the relevant regulatory

* For identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

body or stock exchange in that place, and substantially on the terms and conditions set out in the Circular (a copy of which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved;

- (b) the underwriting agreement (the “**Underwriting Agreement**”) dated 14 January 2021 and entered into among the Company and the Underwriter (a copy of which marked “B” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the board of Directors (the “**Board**”) or a committee thereof be and is/are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Excluded Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of, or the requirements of the relevant regulatory body or stock exchange in, any territory outside Hong Kong; and
- (d) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/she/they may, in his/her/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue, the Underwriting Agreement, and the transactions contemplated thereunder.”

Yours faithfully,
By Order of the Board
Roma Group Limited
Yue Kwai Wa Ken
Executive Director,
Chief Executive Officer,
Chairman and Company Secretary

Hong Kong, 22 February 2021

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company (“**Members**” or “**Shareholders**”) entitled to attend and vote at the meeting above (“**Meeting**”) is entitled to appoint in written form one or, if he/she is the holder of two or more shares of the Company (“**Shares**”), more proxies to attend and vote instead of him/her. A proxy need not be a Member.
2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such Share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must 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 seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Hong Kong branch share registrar and transfer office of the Company (“**Branch Registrar**”), Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (i.e. by 2:30 p.m. on 8 March 2021) or any adjournment thereof.
4. For the purpose of determining Members who are qualified for attending and voting at the Meeting, the register of Members will be closed from 4 March 2021 to 10 March 2021, both days inclusive, during which no transfer of Shares will be effected. In order to qualify for attending and voting at the Meeting, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Branch Registrar at the address stated in note 3 above not later than 4:30 p.m. on 3 March 2021 for registration.
5. Delivery of an instrument appointing a proxy should not preclude a Member from attending and voting in person at the above Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. According to Rule 17.47(4) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, voting on all proposed resolutions set out in this notice will be taken by a poll.
7.
 - (a) Subject to paragraph (b) below, if a tropical cyclone warning signal No. 8 or above is expected to be hoisted or “extreme conditions” caused by super typhoons or a black rainstorm warning signal is expected to be in force at any time on the date of the Meeting, the Meeting will be postponed and Members will be informed of the date, time and venue of the postponed Meeting by an announcement posted on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited.
 - (b) If a tropical cyclone warning signal No. 8 or above or “extreme conditions” caused by super typhoons or a black rainstorm warning signal is lowered or cancelled three hours before the time appointed for holding the Meeting and where conditions permit, the Meeting will be held as scheduled.
 - (c) The Meeting will be held as scheduled when a tropical cyclone warning signal No. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.
 - (d) After considering their own situations, Members should decide on their own whether or not they would attend the Meeting under any bad weather condition and if they do so, they are advised to exercise care and caution.
8. All times and dates specified herein refer to Hong Kong local times and dates.

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