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**Astrum Financial Holdings Limited**

**阿仕特朗金融控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8333)**

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2017**

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

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

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

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*This announcement, for which the directors (the “**Directors**”) of Astrum Financial Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement, in both English and Chinese version, is available on the Company’s website at [www.astrum-capital.com](http://www.astrum-capital.com).*

## **SUMMARY**

- Revenue for the three months ended 31 March 2017 amounted to approximately HK\$30.3 million while revenue for the three months ended 31 March 2016 amounted to approximately HK\$10.3 million.
- Profit and total comprehensive income attributable to owners of the Company for the three months ended 31 March 2017 amounted to approximately HK\$16.4 million while profit and total comprehensive income attributable to owners of the Company for the three months ended 31 March 2016 amounted to approximately HK\$2.5 million.
- Basic earnings per share for the three months ended 31 March 2017 amounted to approximately HK2.05 cents while basic earnings per share for the three months ended 31 March 2016 amounted to approximately HK0.38 cents.
- The Directors declared the payment of an interim dividend of HK\$0.005 per share for the three months ended 31 March 2017.

**UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2017**

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the three months ended 31 March 2017*

		<b>Three months ended</b>	
		<b>31 March</b>	
	<i>Notes</i>	<b>2017</b>	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>30,341</b>	10,306
Other income	4	<b>510</b>	266
Administrative and other operating expenses		<b>(11,002)</b>	(7,843)
Finance costs		<b>(120)</b>	(30)
		<hr/>	<hr/>
Profit before tax	5	<b>19,729</b>	2,699
Income tax expense	6	<b>(3,350)</b>	(200)
		<hr/>	<hr/>
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b><u>16,379</u></b>	<b><u>2,499</u></b>
<b>Earnings per share</b>			
– Basic and diluted (HK cents)	8	<b><u>2.05</u></b>	<b><u>0.38</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2017

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Retained profits HK\$'000	
<b>Three months ended 31 March 2016</b>					
Balance at 1 January 2016 (Audited)	2	–	44,999	17,683	62,684
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,499</u>	<u>2,499</u>
Balance at 31 March 2016 (Unaudited)	<u><u>2</u></u>	<u><u>–</u></u>	<u><u>44,999</u></u>	<u><u>20,182</u></u>	<u><u>65,183</u></u>
<b>Three months ended 31 March 2017</b>					
Balance at 1 January 2017 (Audited)	<b>8,000</b>	<b>77,179</b>	<b>38,401</b>	<b>34,601</b>	<b>158,181</b>
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>16,379</u>	<u>16,379</u>
Balance at 31 March 2017 (Unaudited)	<u><u>8,000</u></u>	<u><u>77,179</u></u>	<u><u>38,401</u></u>	<u><u>50,980</u></u>	<u><u>174,560</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31 March 2017*

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 13 January 2015 under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM of the Stock Exchange on 14 July 2016.

The Company's registered office is PO Box 1350 Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of securities dealing and brokerage services, placing and underwriting services, corporate finance advisory services, financing services including securities and initial public offering financing and asset management services.

In the opinion of the Directors, the parent and ultimate holding company of the Company is Autumn Ocean Limited, a company incorporated in British Virgin Islands and wholly-owned by Mr. Pan Chik ("**Mr. Pan**"), the controlling shareholder, an executive director and the chairman of the Company.

The unaudited condensed consolidation financial statements are presented in Hong Kong dollars ("**HK\$**"), which is the same as the functional currency of the Company.

## 2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Chapter 18 to the GEM Listing Rules. This unaudited condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the GEM of the Stock Exchange (the "**Reorganisation**"), the group entities were under the control of Mr. Pan. Details of the Reorganisation are set out in the section headed "*History, reorganisation and corporate structure*" in the prospectus of the Company dated 30 June 2016 (the "**Prospectus**"). Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 23 June 2016. Accordingly, for the purpose of the preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2017, the Company has been considered as the holding company of the companies now comprising the Group throughout the periods presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Pan prior to and after the Reorganisation.

The unaudited condensed consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the periods presented in accordance with Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” issued by the HKICPA. The condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity for the periods presented, which include the results and changes in equity of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the periods presented, or since their respective dates of incorporation, where this is a shorter period.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 31 March 2017 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2016, except in relation to the adoption of the new and revised HKFRSs (the “**New and Revised HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting beginning on 1 January 2017. The effect of the adoption of these New and Revised HKFRSs in the current period has had no material impact on the Group’s financial performance and position for the current and prior periods and/or disclosure set out in these unaudited condensed consolidated financial statements.

The Group has not early applied the New and Revised HKFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of the New and Revised HKFRSs upon initial application but is not yet in a position to state whether these New and Revised HKFRSs would have a significant impact on the Group’s results of operation and financial position.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Company. The unaudited condensed financial statements were approved for issue on 28 April 2017.

### 3. REVENUE

The Group's revenue from its major services for the three months ended 31 March 2017 and 2016 are as follows:

	Three months ended	
	31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Commission from securities dealing and brokerage services	3,941	2,976
Placing and underwriting commission	23,456	5,628
Corporate finance advisory services fee	335	560
Interest income from securities and initial public offering financing	2,345	906
Asset management services		
– Fund management and performance fee	264	236
	<u>30,341</u>	<u>10,306</u>

### 4. OTHER INCOME

	Three months ended	
	31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income from		
– banks	1	–
– others	–	1
Administrative services income	249	134
Management fee income	10	4
Handling fee income	250	127
	<u>510</u>	<u>266</u>

## 5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Three months ended	
	31 March	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditors' remuneration	150	50
Commission expenses	3,771	2,702
Depreciation of property, plant and equipment	224	222
Interest expense on bank overdrafts and borrowings	10	30
Interest expense on other borrowings	110	–
Operating lease payments in respect of rented premises	510	510
Listing expenses	–	432
	<u>          </u>	<u>          </u>
Employee benefits expense:		
Salaries and other benefits in kind	3,970	2,869
Commission to accounts executives	402	119
Contributions to retirement benefit scheme	80	64
	<u>          </u>	<u>          </u>
Total employee benefits expense, including directors' emoluments	<u>4,452</u>	<u>3,052</u>

## 6. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
– Current period	<u>3,350</u>	<u>200</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong for each of the periods.



## 7. DIVIDENDS

At a board meeting of the Company held on 28 April 2017, the Board declared an interim dividend of HK\$0.005 per share for the three months ended 31 March 2017 (2016: Nil). The interim dividend declared in the total amount of HK\$4,000,000 has not been recognised as a liability at the end of the reporting period.

## 8. EARNINGS PER SHARE

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u><b>16,379</b></u>	<u><b>2,499</b></u>
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><b>800,000,000</b></u>	<u><b>660,000,000</b></u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the three months ended 31 March 2017 was derived from 800,000,000 ordinary shares in issue.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the three months ended 31 March 2016 was derived from 660,000,000 ordinary shares in issue as if these 660,000,000 ordinary shares were outstanding since 1 January 2016.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary share in issue during the three months ended 31 March 2017 and 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the provision of securities dealing and brokerage services, placing and underwriting services, corporate finance advisory services, financing services including securities and initial public offering (“**IPO**”) financing and asset management services. The Company was successfully listed on GEM of the Stock Exchange by way of share offer (the “**Share Offer**”) on 14 July 2016 (the “**Listing Date**”).

It has been a rewarding first financial quarter of 2017. Despite uncertainties and deceleration in the Hong Kong financial market, the Company overcame dampened sentiment and recorded a significant increase in profit and total comprehensive income attributable to owners of the Company for the three months ended 31 March 2017 by approximately HK\$13.9 million as compared to the corresponding period in 2016. The increase was principally attributable to the significant increase in revenue derived from placing and underwriting services as the Group completed ten placing and underwriting engagements during the three months ended 31 March 2017 whereas in the corresponding period in 2016, the Group completed two placing and underwriting engagements.

### PROSPECTS

In spite of the concerns over the slowdown in China’s economic growth, uncertainties surrounding the Brexit vote and potential risks associated with global monetary easing policies and increasing interest rates, the Group will continuously focus its efforts to expand its existing businesses by broadening the customer base, cultivating new clients for long term growth and seeking new business opportunities. In addition to delivering sustained profitability, the Group is committed to a balanced growth and reaching out to the community to fulfill social responsibilities.

### FINANCIAL REVIEW

#### Revenue

Total revenue of the Group for the three months ended 31 March 2017 (the “**Current Period**”) was approximately HK\$30.3 million as compared to approximately HK\$10.3 million for the three months ended 31 March 2016 (the “**Corresponding Period**”), representing an increase of approximately 194.4%. Such increase was attributable to (i) the increase in commission from securities dealing and brokerage services; (ii) the increase in the number of placing and underwriting engagements secured and completed by the Group; and (iii) the increase in interest income derived from securities and IPO financing services.

Commission from securities dealing and brokerage services increased from approximately HK\$3.0 million for the Corresponding Period to approximately HK\$3.9 million for the Current Period, representing an increase of approximately 32.4%. Such increase was due to the increase in the transaction amount of customers’ securities trading.

Revenue derived from placing and underwriting services increased from approximately HK\$5.6 million for the Corresponding Period to approximately HK\$23.5 million for the Current Period, representing an increase of approximately 316.8%. Such increase was mainly due to the increase in the number of placing and underwriting engagements completed by the Group from two engagements for the Corresponding Period to ten engagements for the Current Period.

Corporate finance advisory services fee decreased from approximately HK\$0.6 million for the Corresponding Period to approximately HK\$0.3 million for the Current Period, representing a decrease of approximately 40.2%. Such decrease was mainly due to the decrease in the number of financial advisory engagements charged by the Group from four engagements for the Corresponding Period to three engagements for the Current Period.

Interest income from securities and IPO financing increased from approximately HK\$0.9 million for the Corresponding Period to approximately HK\$2.3 million for the Current Period, representing an increase of approximately 158.8%. Such increase was attributable to the keen demand of margin financing from customers and the expansion of funds available for margin financing services by approximately HK\$61.6 million from the net proceeds of Share Offer and a revolving loan facility of HK\$70 million from a licensed money lender.

Asset management fee increased slightly from approximately HK\$0.2 million for the Corresponding Period to approximately HK\$0.3 million for the Current Period.

### **Other income**

Other income increased slightly from approximately HK\$0.3 million for the Corresponding Period to approximately HK\$0.5 million for the Current Period. Such increase was mainly due to (i) the increase in the transaction amount of customers' securities trading which in turn resulted in the increase in handling fees income, such as CCASS charges and scrip fees received from customers; and (ii) the increase in administrative services income received from customers.

### **Administrative and other operating expenses**

Administrative and other operating expenses increased from approximately HK\$7.8 million for the Corresponding Period to approximately HK\$11.0 million for the Current Period, representing an increase of approximately 40.3%. Such increase was mainly due to (i) the increase in the total employee benefits expense from approximately HK\$3.1 million for the Corresponding Period to approximately HK\$4.5 million for the Current Period; (ii) the increase in commission expenses in respect of the placing and underwriting services from approximately HK\$2.7 million for the Corresponding Period to approximately HK\$3.8 million for the Current Period; and (iii) the increase in professional expenses (excluding listing expense) from approximately HK\$0.1 million for the Corresponding Period to approximately HK\$0.7 million for the Current Period.

## **Finance costs**

The increase in finance costs from approximately HK\$30,000 for the Corresponding Period to approximately HK\$120,000 for the Current Period was mainly due to the usage of revolving loan facility from a licensed money lender to satisfy the demand for financing services.

## **PROFIT FOR THE PERIOD**

As a result of the foregoing, profit increased by approximately HK\$13.9 million, or approximately 555.4%, from approximately HK\$2.5 million for the Corresponding Period to approximately HK\$16.4 million for the Current Period.

## **EVENT AFTER THE REPORTING PERIOD**

In April 2017, the Group has secured a bank overdraft in the amount of HK\$8 million.

## **INTERIM DIVIDEND**

The Board is pleased to declare an interim dividend of HK\$0.005 (Corresponding Period: Nil) in cash per share for the three months ended 31 March 2017. The said interim dividend will be paid on or about 8 June 2017 to shareholders whose names appear on the register of members of the Company on 26 May 2017.

## **USE OF PROCEEDS**

In respect of the net proceeds of approximately HK\$68.4 million raised from the Share Offer in July 2016, up to the date of this announcement, (i) approximately HK\$61.6 million has been deployed for the expansion of financing services; (ii) approximately HK\$2.0 million has been used as general working capital for payment of rent and management fee and compliance adviser fee; and (iii) approximately HK\$4.8 million is kept at bank for future use as general working capital as stated in the Prospectus.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 March 2017, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) held by the Directors and chief executives of the Company (the “Chief Executives”) which were 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 which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

#### Long position in ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity/Nature of interests	Number of shares held	Percentage of shareholding (Note 2)
Mr. Pan (Note 1)	Interest of a controlled corporation	528,000,000	66%

#### Notes:

1. These 528,000,000 shares are held by Autumn Ocean Limited which is wholly owned by Mr. Pan and hence, Mr. Pan is deemed, or taken to be, interested in all the shares held by Autumn Ocean Limited for the purposes of the SFO.
2. The percentage is calculated on the basis of 800,000,000 shares in issue as at 31 March 2017.

Save as disclosed above, as at 31 March 2017, none of the Directors or Chief Executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, which would have to be recorded in the register referred to therein, or pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, which would have to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors and the Chief Executives are aware, as at 31 March 2017, other than the Directors and Chief Executives, the following persons had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, 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 the Company or any other members of the Group:

Name	Capacity/Nature of interests	Number of shares held/ interested in	Percentage of shareholding (Note 5)
Ms. Liu Ming Lai Lorna (Note 1)	Interest of spouse	528,000,000	66%
Autumn Ocean Limited	Beneficial interest	528,000,000	66%
Mr. Ng Yau Sing (Notes 2 and 4)	Interest of a controlled corporation	72,000,000	9%
Ms. Leung Yuet Kwan Belinda (Notes 3 and 4)	Interest of spouse	72,000,000	9%
Ample Honesty Limited (Note 4)	Beneficial interest	72,000,000	9%

### Notes:

- Ms. Liu Ming Lai Lorna is the spouse of Mr. Pan. She is deemed, or taken to be, interested in all shares in which Mr. Pan is interested in for the purposes of the SFO.
- As at 31 March 2017, these 72,000,000 shares were held by Ample Honesty Limited which is wholly owned by Mr. Ng Yau Sing and hence, Mr. Ng Yau Sing is deemed, or taken to be, interested in all the shares held by Ample Honesty Limited for the purposes of the SFO.
- Ms. Leung Yuet Kwan Belinda is the spouse of Mr. Ng Yau Sing. She is deemed, or taken to be, interested in all shares in which Mr. Ng Yau Sing is interested in for the purposes of the SFO.
- As notified by Mr. Ng Yau Sing, on 18 April 2017, Ample Honesty Limited has disposed of these 72,000,000 shares.
- The percentage is calculated on the basis of 800,000,000 shares in issue as at 31 March 2017.

Save as disclosed above, as at 31 March 2017, the Directors were not aware of any person or corporation (other than the Directors and the Chief Executives) 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 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

## **SHARE OPTION SCHEME**

A share option scheme (the “**Scheme**”) was adopted by the Company on 23 June 2016. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years. Under the Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant whom the Board may select at its absolute discretion. No share options have been granted under the Scheme since its effective date and up to 31 March 2017.

## **RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the paragraph headed “INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS” in this announcement, at no time during the Current Period and as at 31 March 2017 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and Chief Executives (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporation.

## **COMPETING INTERESTS**

As at 31 March 2017, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## **NON-COMPETITION UNDERTAKING**

### **Confirmation from Mr. Pan and Autumn Ocean Limited**

The Company received from Mr. Pan and Autumn Ocean Limited a confirmation in April 2017 on their compliance of the non-competition undertaking under the Deed of Non-competition (“**Pan’s Undertaking**”) for the period from 1 January 2017 to 31 March 2017. The independent non-executive Directors reviewed the compliance of Pan’s Undertaking and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that Mr. Pan and Autumn Ocean Limited have complied with Pan’s Undertaking during the period from 1 January 2017 to 31 March 2017.

## **Confirmation from Mr. Ng Yau Sing (“Mr. Ng”) and Ample Honesty Limited**

The Company also received from Mr. Ng and Ample Honesty Limited a confirmation (“**Ng’s Confirmation**”) in April 2017 on their compliance of the non-competition undertaking under the Deed of Non-competition (“**Ng’s Undertaking**”) for the period from 1 January 2017 to 31 March 2017. As disclosed in Ng’s Confirmation, Unique Prosperity Limited (“**Unique Prosperity**”), a company which is owned as to 5% by Mr. Ng and 95% by the spouse of Mr. Ng, Ms. Leung Yuet Kwan Belinda (“**Mrs. Ng**”), as at the date of Ng’s Confirmation, held approximately 16.83% of the issued share capital in Universe International Financial Holdings Limited (“**Universe**”), a company listed on the Main Board of the Stock Exchange whose principal business activities include, amongst other things, securities brokerage and margin financing which are carried out by one of its subsidiaries, China Jianxin Financial Services Limited (“**China Jianxin**”). The deemed interest of Mr. Ng in more than 5% shareholding interest in Universe appears to be a non-compliance of Ng’s Undertaking (the “**Incident**”). According to Ng’s Confirmation, Unique Prosperity’s shareholding in Universe first exceeded 5% when it acquired approximately 11.25% of the issued share capital of Universe in August 2016 (which was after the Listing Date). In October 2016, Unique Prosperity subscribed for rights shares in Universe during the rights issue exercise of Universe, and as a result of which Unique Prosperity’s shareholding in Universe increased to approximately 26.92%. In February 2017, Unique Prosperity’s shareholding in Universe was lowered to approximately 22.43% due to the increase of issued share capital of Universe as a result of a placing exercise. In March 2017, Unique Prosperity’s shareholding in Universe was further lowered to approximately 16.83% due to the increase of issued share capital of Universe as a result of another placing exercise.

As disclosed in the annual results announcement of the Company dated 24 March 2017, the Company convened a full Board meeting in March 2017 which was attended by all executive Directors and all independent non-executive Directors to discuss the Incident. The following matters were discussed at the Board meeting: (i) remedial actions which should be taken by the Company in response to the Incident; (ii) measures to prevent the reoccurrence of similar incidents in future; and (iii) the obtaining of external legal advice on the Incident.

The Company has consulted its Hong Kong legal adviser on the Incident and the possible remedies against Mr. Ng on the non-compliance of Ng’s Undertaking. The Company is of the view that the non-compliance of Ng’s Undertaking is not a result of any loophole of the Company’s compliance and internal control systems. In particular, the Company noted that there is no threat of actual leakage of business information by the Group, since Mr. and Mrs. Ng did not and do not have access to any confidential business information of the Group given that they have no past and present executive or management roles in the Group. However, in order to reinforce the Group’s compliance efforts, the Company intends to request confirmations from the Covenantors to disclose the status of their compliance with the Deed of Non-competition more frequently, that is, on a quarterly rather than annual basis.



The independent non-executive Directors have instructed the Company's management to seek further legal advice as to the appropriate legal actions which should be taken by the Company in response to the Incident, and to make an assessment on the impact of the Incident on the Group. As soon as the Company decides the appropriate legal actions to be taken in respect of the Incident, the Company will disclose details of the decision and its basis by way of an announcement. In the meantime, the Company will reserve all its rights to take any legal action relating to the Incident.

As notified by Mr. Ng, on 18 April 2017, Ample Honesty has disposed of 72,000,000 shares in the Company, representing 9% of the issued share capital of the Company. Immediately after such disposal, neither Mr. Ng, Ample Honesty nor each of their respective close associates holds any securities of the Company. Pursuant to the terms of the Deed of Non-competition, Ng's Undertaking was terminated on the date on which Mr. Ng and Ample Honesty ceased to be interested in 5% or more of issued share capital of the Company.

### **COMPLIANCE ADVISER'S INTERESTS**

As at 31 March 2017, save and except for the compliance adviser's agreement entered into between the Company and Messis Capital Limited (the "**Compliance Adviser**") dated 4 February 2016, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to rule 6A.32 of the GEM Listing Rules.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings (the "**Required Standard of Dealing**") set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings throughout the Current Period. No incident of non-compliance was noted by the Company during the Current Period.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Current Period.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to achieve high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

During the Current Period, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code, save for the deviation from the code provision A.2.1 as explained below:

Pursuant to A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Given the current corporate structure, there is no separation between the roles of the chairman and the chief executive officer. Since May 2007, Mr. Pan has been managing the Group's business and supervising the overall operations of the Group. The Directors believe that the vesting of the roles of chairman of the Board and chief executive officer in Mr. Pan is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Company has not segregated the roles of the chairman and the chief executive officer as required by A.2.1 of the CG Code.

#### **AUDIT COMMITTEE**

The audit committee (the "**Audit Committee**") has been established with written terms of reference in compliance with rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lau Hon Kee. The other members are Mr. Chan Chun Hong and Mr. Lee Tak Cheung Vincent. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. All members of the Audit Committee are appointed by the Board.

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the Current Period and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

#### **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board declared an interim dividend of HK\$0.005 in cash per share for the three months ended 31 March 2017. The said interim dividend will be paid on or about 8 June 2017 to shareholders whose names appear on the register of members of the Company on 26 May 2017.

The register of members of the Company will be closed from 23 to 26 May 2017 (both dates inclusive), for the purpose of determining shareholders' entitlement to the interim dividend, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 22 May 2017.

By order of the Board of  
**ASTRUM FINANCIAL HOLDINGS LIMITED**  
**Pan Chik**  
*Chairman and Chief Executive Officer*

Hong Kong, 28 April 2017

*As at the date of this announcement, the directors of the Company are:*

*Executive Directors*

Mr. Pan Chik (*Chairman and Chief Executive Officer*)

Mr. Kwan Chun Yee Hidulf

Mr. Cheung Hon Fai Bosco

*Independent Non-executive Directors*

Mr. Chan Chun Hong

Mr. Lee Tak Cheung Vincent

Mr. Lau Hon Kee

*This announcement will remain on the "Latest Company Announcements" page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication and on the website of the Company ([www.astrum-capital.com](http://www.astrum-capital.com)).*