



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

THIRD QUARTERLY REPORT 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 report, 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 report 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 report misleading.

This report, in both English and Chinese version, is available on the Company’s website at www.astrum-capital.com.

SUMMARY

- Revenue for the nine months ended 30 September 2017 amounted to approximately HK\$47.1 million while revenue for the nine months ended 30 September 2016 amounted to approximately HK\$46.7 million.
- Profit and total comprehensive income attributable to owners of the Company for the nine months ended 30 September 2017 amounted to approximately HK\$20.3 million while profit and total comprehensive income attributable to owners of the Company for the nine months ended 30 September 2016 amounted to approximately HK\$12.4 million.
- Basic earnings per share for the nine months ended 30 September 2017 amounted to approximately HK2.54 cents while basic earnings per share for the nine months ended 30 September 2016 amounted to approximately HK1.77 cents.
- During the board meeting of the Company held on 28 April 2017, the Board declared an interim dividend (“Q1 Dividend”) of HK\$0.005 per ordinary share for the three months ended 31 March 2017 (2016: Nil). Such declared Q1 Dividend in the total amount of HK\$4.0 million was paid to the shareholders of the Company on 8 June 2017.
- During the board meeting of the Company held on 2 August 2017, the Board did not recommend the payment of any interim dividend for the three months ended 30 June 2017 (2016: Nil).
- During the board meeting of the Company held on 7 November 2017, the Board declared an interim dividend (“Q3 Dividend”) of HK\$0.005 per share for the three months ended 30 September 2017 (2016: Nil). Such declared Q3 Dividend in the total amount of HK\$4.0 million has not been recognised as a liability at the end of the reporting period.

UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 and nine months ended 30 September 2017 together with the comparative unaudited figures for the corresponding periods in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	8,506	16,009	47,138	46,664
Other income	4	485	622	1,672	1,093
Administrative and other operating expenses		(6,512)	(13,249)	(24,043)	(31,850)
Finance costs		(35)	(14)	(224)	(72)
Profit before tax	5	2,444	3,368	24,543	15,835
Income tax expense	6	(428)	(1,400)	(4,198)	(3,450)
Profit and total comprehensive income for the period attributable to owners of the Company		2,016	1,968	20,345	12,385
Earnings per share – Basic and diluted (HK cents)	8	0.25	0.25	2.54	1.77

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Nine months ended 30 September 2016					
Balance at 1 January 2016 (Audited)	2	–	44,999	17,683	62,684
Profit and total comprehensive income for the period	–	–	–	12,385	12,385
Reorganisation	6,598	–	(6,598)	–	–
Issue of shares by share offer	1,400	82,600	–	–	84,000
Transaction costs attributable to issue of shares	–	(5,421)	–	–	(5,421)
Balance at 30 September 2016 (Unaudited)	<u>8,000</u>	<u>77,179</u>	<u>38,401</u>	<u>30,068</u>	<u>153,648</u>
Nine months ended 30 September 2017					
Balance at 1 January 2017 (Audited)	8,000	77,179	38,401	34,601	158,181
Profit and total comprehensive income for the period	–	–	–	20,345	20,345
Dividends recognised as distribution during the period (Note 7)	–	–	–	(4,000)	(4,000)
Balance at 30 September 2017 (Unaudited)	<u>8,000</u>	<u>77,179</u>	<u>38,401</u>	<u>50,946</u>	<u>174,526</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 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 consolidated 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 nine months ended 30 September 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 nine months ended 30 September 2017, the Company has been considered as the holding company of the companies now comprising the Group throughout the nine months ended 30 September 2016. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

2. BASIS OF PREPARATION (Continued)

The unaudited condensed consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the nine months ended 30 September 2016 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 nine months ended 30 September 2016, 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 nine months ended 30 September 2016.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 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 adopted the following New and Revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle except for amendments to HKFRS 12 ¹
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ¹
Amendments to HKAS 40	Transfers of Investment Property ¹

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after a date to be determined

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 7 November 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

3. REVENUE

The Group's revenue from its major services for the three months and nine months ended 30 September 2017 and 2016 are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Commission from securities dealing and brokerage services	2,397	2,666	9,829	8,437
Placing and underwriting commission	1,842	11,364	25,759	32,620
Corporate finance advisory services fee	860	350	2,130	1,550
Interest income from securities and initial public offering financing	2,421	1,380	7,888	3,338
Asset management services fee	986	249	1,532	719
	8,506	16,009	47,138	46,664

4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interest income from				
– banks	–	2	2	3
– others	–	–	1	2
Administrative services income	203	303	654	440
Management fee income	9	5	27	17
Handling fee income	273	312	988	631
	485	622	1,672	1,093

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
	150	50	450	150
	247	4,192	4,118	12,088
Auditors' remuneration				
Commission expenses	261	224	732	670
Depreciation of property, plant and equipment	35	14	87	72
Interest expense on bank overdrafts and borrowings	—	—	137	—
Interest expense on other borrowings				
Operating lease payments in respect of rented premises	510	510	1,530	1,530
Listing expenses	—	2,399	—	3,202
Employee benefits expense:				
Salaries and other benefits in kind	3,560	3,674	11,041	9,003
Commission to accounts executives	295	143	968	459
Contributions to retirement benefit scheme	83	82	244	207
Total employee benefits expense, including directors' emoluments	3,938	3,899	12,253	9,669

6. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
	428	1,400	4,198	3,450
	Hong Kong Profits Tax: – Current period			

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

7. DIVIDENDS

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Dividends recognised as distribution during the period – Interim dividend of HK\$0.005 per ordinary share	–	–	4,000	–

During the board meeting of the Company held on 28 April 2017, the Board declared an interim dividend (“Q1 Dividend”) of HK\$0.005 per ordinary share for the three months ended 31 March 2017 (2016: Nil). Such declared Q1 Dividend in the total amount of HK\$4.0 million was paid to the shareholders of the Company on 8 June 2017.

During the board meeting of the Company held on 2 August 2017, the Board did not recommend the payment of any interim dividend for the three months ended 30 June 2017 (2016: Nil).

During the board meeting of the Company held on 7 November 2017, the Board declared an interim dividend (“Q3 Dividend”) of HK\$0.005 per share for the three months ended 30 September 2017 (2016: Nil). Such declared Q3 Dividend in the total amount of HK\$4.0 million has not been recognised as a liability at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

8. EARNINGS PER SHARE

	Three months ended		Nine months ended	
	30 September		30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Earnings				
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>2,016</u>	<u>1,968</u>	<u>20,345</u>	<u>12,385</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>800,000,000</u>	<u>780,217,391</u>	<u>800,000,000</u>	<u>700,364,963</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the three months and nine months ended 30 September 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 and nine months ended 30 September 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 and the effect of share offer by the Company of the 140,000,000 new shares on 14 July 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 and nine months ended 30 September 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.

It has been a rewarding third financial quarter of 2017. The Hong Kong stock market was bullish due to the strong inflows of mainland capital into Hong Kong. The Group recorded a significant increase in profit and total comprehensive income attributable to its owners for the nine months ended 30 September 2017 by approximately HK\$8.0 million as compared to the corresponding period in 2016. Such increase was principally attributable to the significant decrease in commission expenses in respect of the placing and underwriting services for the nine months ended 30 September 2017 by approximately HK\$8.0 million as compared to the corresponding period in 2016.

The Group was successfully approved as an exchange participant of Hong Kong Futures Exchange Limited under the category of futures commission merchant and an HKFE Clearing Corporation Limited participant under the category of clearing participant in August 2017. After various testing of application software and connection with the Stock Exchange, set-up of relevant risk and internal control systems and allocation of manpower, the Group has started trial provision of futures contracts dealing service to limited clients in October 2017.

PROSPECTS

Notwithstanding the recent robust trend of the Hong Kong stock market, it is expected that the global economy will be full of uncertainties in the coming few months. The Board remains cautious about the impacts on the global financial market resulting from the gradual hike of interest rates, the global monetary easing policies as well as the expected implementation of the balance sheet normalisation program by the Federal Reserve. The Group will continue to respond to the changing market environment and review its business strategy on a regular basis. On the other hand, the Group will continuously focus its efforts on the expansion of 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

Revenue of the Group for the nine months ended 30 September 2017 (the “Current Period”) was approximately HK\$47.1 million as compared to approximately HK\$46.7 million for the nine months ended 30 September 2016 (the “Corresponding Period”), representing a slight increase of approximately 1.0%. Such increase was attributable to (i) the increase in commission from securities dealing and brokerage services; (ii) the increase in the number of financial advisory engagements charged by the Group; (iii) the increase in interest income derived from securities and IPO financing services; and (iv) increase in asset management services fee, and offset by the decrease in the number of placing and underwriting engagements secured and completed by the Group during the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue (Continued)

Commission from securities dealing and brokerage services increased from approximately HK\$8.4 million for the Corresponding Period to approximately HK\$9.8 million for the Current Period, representing an increase of approximately 16.5%. Such increase was due to the increase in the transaction amount of customers' securities trading.

Revenue derived from placing and underwriting services decreased from approximately HK\$32.6 million for the Corresponding Period to approximately HK\$25.8 million for the Current Period, representing a decrease of approximately 21.0%. Such decrease was mainly due to the decrease in the number of placing and underwriting engagements completed by the Group from 16 engagements for the Corresponding Period to 14 engagements for the Current Period.

Corporate finance advisory services fee increased from approximately HK\$1.6 million for the Corresponding Period to approximately HK\$2.1 million for the Current Period, representing an increase of approximately 37.4%. Such increase was mainly due to the increase in the number of financial advisory engagements charged by the Group from 8 engagements for the Corresponding Period to 12 engagements for the Current Period.

Interest income from securities and IPO financing increased from approximately HK\$3.3 million for the Corresponding Period to approximately HK\$7.9 million for the Current Period, representing an increase of approximately 136.3%. 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, a bank overdraft facility of HK\$8 million and a revolving loan facility of HK\$70 million from a licensed money lender.

Asset management services fee increased from approximately HK\$0.7 million for the Corresponding Period to approximately HK\$1.5 million for the Current Period, representing an increase of approximately 113.1%. For the Corresponding Period, the Group recognised a management fee of approximately HK\$0.7 million and no performance fee was charged. For the Current Period, the Group recognised a management fee of approximately HK\$0.8 million and a performance fee of approximately HK\$0.7 million was charged as the net asset value of Astrum Absolute Return China Fund surpassed the high water mark achieved in 2015.

Other income

Other income increased from approximately HK\$1.1 million for the Corresponding Period to approximately HK\$1.7 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Administrative and other operating expenses

Administrative and other operating expenses decreased from approximately HK\$31.9 million for the Corresponding Period to approximately HK\$24.0 million for the Current Period, representing a decrease of approximately 24.5%. Such decrease was mainly due to (i) the decrease in commission expenses in respect of the placing and underwriting services from approximately HK\$12.1 million for the Corresponding Period to approximately HK\$4.1 million for the Current Period; and (ii) the absence of listing expenses for the Current Period while the same for the Corresponding Period amounted to approximately HK\$3.2 million, and partially offset by the increase in the total employee benefits expense from approximately HK\$9.7 million for the Corresponding Period to approximately HK\$12.3 million for the Current Period.

Finance costs

The increase in finance costs from approximately HK\$72,000 for the Corresponding Period to approximately HK\$224,000 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 and total comprehensive income attributable to owner of the Company increased by approximately HK\$7.9 million, or approximately 64.3%, from approximately HK\$12.4 million for the Corresponding Period to approximately HK\$20.3 million for the Current Period.

EVENT AFTER THE REPORTING PERIOD

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Current Period.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend ("Q3 Dividend") of HK\$0.005 (Corresponding Period: Nil) in cash per share for the three months ended 30 September 2017. The Q3 Dividend will be paid on or about 15 December 2017 to shareholders whose names appear on the register of members of the Company on 30 November 2017.

During the board meeting of the Company held on 28 April 2017, the Board declared an interim dividend ("Q1 Dividend") of HK\$0.005 per ordinary share for the three months ended 31 March 2017 (2016: Nil). Such declared Q1 Dividend in the total amount of HK\$4.0 million was paid to the shareholders of the Company on 8 June 2017. During the board meeting of the Company held on 2 August 2017, the Board did not recommend the payment of any interim dividend for the three months ended 30 June 2017 (2016: Nil).

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 report, (i) approximately HK\$61.6 million has been deployed for the expansion of financing services; (ii) approximately HK\$3.4 million has been used as general working capital for payment of rent and management fee and compliance adviser fee; and (iii) approximately HK\$3.4 million has been 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 30 September 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	532,685,000	66.59%

Notes:

- These 532,685,000 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.
- The percentage is calculated on the basis of 800,000,000 shares in issue as at 30 September 2017.

Save as disclosed above, as at 30 September 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 30 September 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 2)
Ms. Liu Ming Lai Lorna (Note 1) Autumn Ocean Limited	Interest of spouse Beneficial interest	532,685,000 532,685,000	66.59% 66.59%

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.
- The percentage is calculated on the basis of 800,000,000 shares in issue as at 30 September 2017.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

Save as disclosed above, as at 30 September 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 30 September 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 report, at no time during the Current Period and as at 30 September 2017 was the Company or any of its subsidiaries was 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 30 September 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

The Company received from Mr. Pan and Autumn Ocean Limited a confirmation in October 2017 on their compliance of the non-competition undertaking under the Deed of Non-competition (“**Pan’s Undertaking**”) for the period from 1 July 2017 to 30 September 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 July 2017 to 30 September 2017.

As notified by Mr. Ng Yau Sing (“**Mr. Ng**”), on 18 April 2017, Ample Honesty Limited had 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 Limited nor each of their respective close associates holds any securities of the Company. Pursuant to the terms of the non-competition undertaking under the Deed of Non-competition (“**Ng’s undertaking**”), Ng’s Undertaking was terminated on the date on which Mr. Ng and Ample Honesty Limited ceased to be interested in 5% or more of issued share capital of the Company. In this regard, neither Mr. Ng nor Ample Honesty was required to confirm each of their compliance of the non-competition undertaking under the Deed of Non-competition during the period from 1 July 2017 to 30 September 2017.

OTHER INFORMATION

COMPLIANCE ADVISER'S INTERESTS

As at 30 September 2017, save and except for the compliance adviser's agreement entered into between the Company and Mesis 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 achieving 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.

OTHER INFORMATION

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 Q3 Dividend of HK\$0.005 in cash per share for the three months ended 30 September 2017. The Q3 Dividend will be paid on or about 15 December 2017 to shareholders whose names appear on the register of members of the Company on 30 November 2017.

The register of members of the Company will be closed from 28 to 30 November 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 27 November 2017.

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

Hong Kong, 7 November 2017

As at the date of this report, 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