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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 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.

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 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 will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.astrum-capital.com.

SUMMARY

- Revenue for the six months ended 30 June 2018 amounted to approximately HK\$13.0 million while revenue for the six months ended 30 June 2017 amounted to approximately HK\$38.6 million.
- Profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2018 amounted to approximately HK\$34,000 while profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2017 amounted to approximately HK\$18.3 million.
- Basic earnings per share for the six months ended 30 June 2018 amounted to approximately HK0.004 cents while basic earnings per share for the six months ended 30 June 2017 amounted to approximately HK2.29 cents.
- At a board meeting of the Company held on 7 May 2018, the Board declared an interim dividend (“**Q1 Dividend**”) of HK\$0.005 per share (three months ended 31 March 2017: HK\$0.005 per share) for the three months ended 31 March 2018, amounting to HK\$4.0 million (three months ended 31 March 2017: HK\$4.0 million). Such declared Q1 Dividend in the total amount of HK\$4.0 million was paid to the shareholders of the Company on 13 June 2018.
- At a board meeting of the Company held on 2 August 2018, the Board declared an interim dividend (“**Q2 Dividend**”) of HK\$0.005 per share (three months ended 30 June 2017: Nil) for the three months ended 30 June 2018, amounting to HK\$4.0 million (three months ended 30 June 2017: Nil). Such declared Q2 Dividend in the total amount of HK\$4.0 million has not been recognised as a liability as at 30 June 2018.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 six months ended 30 June 2018 together with the comparative unaudited figures for the corresponding periods in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2018

| | Notes | Three months ended 30 June | | Six months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 2018 HK\$'000 (Unaudited) | 2017 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) | 2017 HK\$'000 (Unaudited) |
| Revenue | 3 | 7,202 | 8,291 | 12,980 | 38,632 |
| Other income | 4 | 116 | 677 | 244 | 1,187 |
| Administrative and other operating expenses | | (6,272) | (6,529) | (12,836) | (17,531) |
| Finance costs | | (175) | (69) | (254) | (189) |
| Profit before tax | 5 | 871 | 2,370 | 134 | 22,099 |
| Income tax expense | 6 | (100) | (420) | (100) | (3,770) |
| Profit and total comprehensive income for the period attributable to owners of the Company | | <u>771</u> | <u>1,950</u> | <u>34</u> | <u>18,329</u> |
| Earnings per share | | | | | |
| – Basic and diluted (HK cents) | 8 | <u>0.10</u> | <u>0.24</u> | <u>0.004</u> | <u>2.29</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

| | | As at 30 June 2018 | As at 31 December 2017 |
|--|--------------|---------------------------------------|-------------------------------------|
| | <i>Notes</i> | <i>HK\$'000</i> (Unaudited) | <i>HK\$'000</i> (Audited) |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 1,197 | 1,705 |
| Intangible assets | | 950 | 950 |
| Other assets | | 12,780 | 12,806 |
| Deferred tax assets | | 50 | 50 |
| | | 14,977 | 15,511 |
| Current assets | | | |
| Trade receivables | 10 | 120,343 | 74,627 |
| Deposits, prepayments and other receivables | | 719 | 1,049 |
| Bank balances and cash | | | |
| – General accounts and cash | | 71,898 | 99,198 |
| – Trust accounts | | 38,552 | 76,406 |
| | | 231,512 | 251,280 |
| Total assets | | 246,489 | 266,791 |
| Current liabilities | | | |
| Trade payables | 11 | 75,441 | 92,089 |
| Other payables and accruals | | 1,587 | 1,375 |
| Current tax liabilities | | 381 | 281 |
| | | 77,409 | 93,745 |
| Net current assets | | 154,103 | 157,535 |
| Net assets | | 169,080 | 173,046 |
| Capital and reserves | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 12 | 8,000 | 8,000 |
| Reserves | | 161,080 | 165,046 |
| Total equity | | 169,080 | 173,046 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

| | 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 | |
| Six months ended 30 June 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 | – | – | – | 18,329 | 18,329 |
| Dividends recognised as distribution during the period (<i>Note 7</i>) | – | – | – | (4,000) | (4,000) |
| Balance at 30 June 2017 (Unaudited) | <u>8,000</u> | <u>77,179</u> | <u>38,401</u> | <u>48,930</u> | <u>172,510</u> |
| Six months ended 30 June 2018 | | | | | |
| Balance at 1 January 2018 (Audited) | 8,000 | 77,179 | 38,401 | 49,466 | 173,046 |
| Profit and total comprehensive income for the period | – | – | – | 34 | 34 |
| Dividends recognised as distribution during the period (<i>Note 7</i>) | – | – | – | (4,000) | (4,000) |
| Balance at 30 June 2018 (Unaudited) | <u>8,000</u> | <u>77,179</u> | <u>38,401</u> | <u>45,500</u> | <u>169,080</u> |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

| | Six months ended | |
|--|------------------|---------------|
| | 30 June | |
| | 2018 | 2017 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Net cash used in operating activities | (23,282) | (32,778) |
| Net cash used in investing activities | (19) | (1,067) |
| Net cash used in financing activities | (4,000) | (4,000) |
| Net decrease in cash and cash equivalents | (27,301) | (37,845) |
| Cash and cash equivalents at the beginning of period | 99,095 | 67,118 |
| Cash and cash equivalents at the end of period | <u>71,794</u> | <u>29,273</u> |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash, excluding trust accounts | 71,898 | 37,193 |
| Less: | | |
| Bank overdrafts | – | (7,817) |
| Fixed deposit with original maturity over three months | (104) | (103) |
| | <u>71,794</u> | <u>29,273</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL INFORMATION

Astrum Financial Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 January 2015 as an exempted company with limited liability. The shares of the Company are listed on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its parent and ultimate holding company is Autumn Ocean Limited, a company incorporated in British Virgin Islands (the “**BVI**”) and wholly-owned by Mr. Pan Chik (“**Mr. Pan**”), the controlling shareholder, an executive director and the chairman of the Company.

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

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of brokerage services, placing and underwriting services, corporate finance advisory services, financing services including securities and initial public offering financing and asset management services.

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 six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standards 34 “Interim Financial Reporting” 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. These unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2017, 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 2018.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION (Continued)

HKFRS 9 *Financial instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit loss are recognised.

In current period, the Group has applied HKFRS 9 and it has no material effect on the amounts reported in the financial statements as the credit quality of the financial assets of the Group do not change significantly during the six months ended 30 June 2018.

HKFRS 15 *Revenue from Contracts with Customers*

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

In current period, the Group has applied HKFRS 15 and it has no material impact on the revenue recognized during the six months ended 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION (Continued)

The Group has not early adopted the following New and Revised HKFRSs that have been issued but are not yet effective.

| | |
|---------------------------------------|---|
| HKFRS 16 | Leases ¹ |
| HKFRS 17 | Insurance Contracts ² |
| HK(IFRIC)-Int 23 | Uncertainty over Income Tax Treatments ² |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation 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 HKAS 19 | Plan Amendment, Curtailment or Settlement ¹ |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures ¹ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015–2017 Cycle ¹ |

¹ *Effective for annual periods beginning on or after 1 January 2019.*

² *Effective for annual periods beginning on or after 1 January 2021.*

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 for those New and Revised HKFRSs, which are not yet effective, 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 by the Board for publication on 2 August 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. REVENUE AND SEGMENT INFORMATION

Based on the information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment, the Group has determined that it only has one operating segment which is the provision of brokerage services, placing and underwriting services, corporate finance advisory services, financing services including securities and initial public offering financing and asset management services. Since this is the only operating segment of the Group, no further analysis for segment information is presented.

Revenue from major services

The Group's revenue for the three months and six months ended 30 June 2018 and 2017 are as follows:

| | Three months ended | | Six months ended | |
|--|--------------------|--------------|------------------|---------------|
| | 30 June | | 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Commission from brokerage services | 650 | 3,491 | 1,929 | 7,432 |
| Placing and underwriting commission | 4,414 | 461 | 4,714 | 23,917 |
| Corporate finance advisory services fee | 950 | 935 | 3,350 | 1,270 |
| Interest income from securities and initial public offering financing | 872 | 3,122 | 1,615 | 5,467 |
| Asset management services – Fund management and performance fee | 316 | 282 | 1,372 | 546 |
| | <u>7,202</u> | <u>8,291</u> | <u>12,980</u> | <u>38,632</u> |

4. OTHER INCOME

| | Three months ended | | Six months ended | |
|--------------------------------|--------------------|-------------|------------------|--------------|
| | 30 June | | 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Interest income from | | | | |
| – banks | 1 | 1 | 3 | 2 |
| – others | 2 | 1 | 2 | 1 |
| Administrative services income | 2 | 202 | 29 | 451 |
| Management fee income | 7 | 8 | 16 | 18 |
| Handling fee income | 104 | 465 | 194 | 715 |
| | <u>116</u> | <u>677</u> | <u>244</u> | <u>1,187</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

| | Three months ended | | Six months ended | |
|--|--------------------|-------------|------------------|-------------|
| | 30 June | | 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Auditors' remuneration | 175 | 150 | 350 | 300 |
| Commission expenses | 5 | 100 | 22 | 3,871 |
| Depreciation of property, plant and equipment | 264 | 247 | 526 | 471 |
| Interest expense on bank overdrafts and borrowings | 175 | 42 | 254 | 52 |
| Interest expense on other borrowings | – | 27 | – | 137 |
| Net foreign exchange gain | (1) | – | (30) | – |
| Operating lease payments in respect of rented premises | 510 | 510 | 1,020 | 1,020 |
| Employee benefits expense: | | | | |
| Salaries and other benefits in kind | 3,414 | 3,511 | 7,245 | 7,481 |
| Commission to accounts executives | 40 | 271 | 245 | 673 |
| Contributions to retirement benefit scheme | 77 | 81 | 155 | 161 |
| Total employee benefits expense, including directors' emoluments | 3,531 | 3,863 | 7,645 | 8,315 |

6. INCOME TAX EXPENSE

| | Three months ended | | Six months ended | |
|------------------------|--------------------|-------------|------------------|-------------|
| | 30 June | | 30 June | |
| | 2018 | 2017 | 2018 | 2017 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Hong Kong Profits Tax: | | | | |
| – Current period | 100 | 420 | 100 | 3,770 |

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 six months ended 30 June 2018

7. DIVIDENDS

| Three months ended 30 June | | Six months ended 30 June | |
|-------------------------------|-------------|-----------------------------|-------------|
| 2018 | 2017 | 2018 | 2017 |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |

Dividends recognised as distribution
during the period

– Interim dividend of HK\$0.005

per ordinary share

| | | | |
|--------------|--------------|--------------|--------------|
| <u>4,000</u> | <u>4,000</u> | <u>4,000</u> | <u>4,000</u> |
|--------------|--------------|--------------|--------------|

At a board meeting of the Company held on 7 May 2018, the Board declared an interim dividend (“**Q1 Dividend**”) of HK\$0.005 per share (three months ended 31 March 2017: HK\$0.005 per share) for the three months ended 31 March 2018, amounting to HK\$4.0 million (three months ended 31 March 2017: HK\$4.0 million). Such declared Q1 Dividend in the total amount of HK\$4.0 million was paid to the shareholders of the Company on 13 June 2018.

At a board meeting of the Company held on 2 August 2018, the Board declared an interim dividend (“**Q2 Dividend**”) of HK\$0.005 per share (three months ended 30 June 2017: Nil) for the three months ended 30 June 2018, amounting to HK\$4.0 million (three months ended 30 June 2017: Nil). Such declared Q2 Dividend in the total amount of HK\$4.0 million has not been recognised as a liability as at 30 June 2018.

8. EARNINGS PER SHARE

| Three months ended 30 June | | Six months ended 30 June | |
|-------------------------------|-------------|-----------------------------|-------------|
| 2018 | 2017 | 2018 | 2017 |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |

Earnings

Profit for the period attributable to owners
of the Company for the purpose of
basic earnings per share

| | | | |
|------------|--------------|-----------|---------------|
| <u>771</u> | <u>1,950</u> | <u>34</u> | <u>18,329</u> |
|------------|--------------|-----------|---------------|

| Three months ended 30 June | | Six months ended 30 June | |
|-------------------------------|------|-----------------------------|------|
| 2018 | 2017 | 2018 | 2017 |

Number of shares

Weighted average number of ordinary
shares for the purpose of basic
earnings per share

| | | | |
|--------------------|--------------------|--------------------|--------------------|
| <u>800,000,000</u> | <u>800,000,000</u> | <u>800,000,000</u> | <u>800,000,000</u> |
|--------------------|--------------------|--------------------|--------------------|

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 six months ended 30 June 2018 and 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of approximately HK\$18,000 (six months ended 30 June 2017: approximately HK\$1,066,000).

10. TRADE RECEIVABLES

| | As at 30 June 2018 HK\$'000 (Unaudited) | As at 31 December 2017 HK\$'000 (Audited) |
|--|---|---|
| Trade receivables arising from the ordinary course of business of: | | |
| Dealing in securities | | |
| Clients – cash | 3,042 | 8,748 |
| Clients – margin | 38,084 | 41,737 |
| Clearing house | 33,440 | 1,706 |
| Broker | 351 | 72 |
| Subscriptions of new shares in initial public offering | 44,764 | 22,909 |
| | <u>119,681</u> | <u>75,172</u> |
| Dealing in futures contracts | | |
| Clearing house | 262 | 209 |
| Corporate finance advisory services | 300 | 360 |
| Asset management services | 100 | 405 |
| | <u>120,343</u> | <u>76,146</u> |
| Less: Impairment allowance for dealing in securities | – | (1,519) |
| | <u><u>120,343</u></u> | <u><u>74,627</u></u> |

The settlement terms of trade receivables arising from the ordinary course of business of (i) dealing in securities from cash clients, clearing house and a broker are two days after trade date; and (ii) dealing in futures contracts are one day after trade date.

The credit terms of trade receivables arising from the ordinary course of business of (i) corporate finance advisory services are 7 days or due upon issuance of invoice; and (ii) asset management services are 30 days.

The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk and the overdue balances are regularly reviewed by senior management.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

10. TRADE RECEIVABLES (Continued)

Margin clients are required to pledge securities collateral to the Group in order to obtain the margin facilities for securities trading. At 30 June 2018, loans to margin clients are secured by clients' securities pledged as collateral with market value of approximately HK\$158.7 million (31 December 2017: HK\$110.5 million). Management has assessed the market value of the pledged securities of each individual client who has margin shortfall at the end of each reporting period. The margin loans are repayable on demand and bear variable interest at commercial rates. No aged analysis of margin loans is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of this business.

The ageing analysis of the trade receivables arising from cash clients, clearing houses and a broker which are past due but not impaired at the end of the reporting period, based on the trade date, is as follows:

| | As at 30 June 2018 <i>HK\$'000</i> (Unaudited) | As at 31 December 2017 <i>HK\$'000</i> (Audited) |
|-------------------------------|---|--|
| Neither past due nor impaired | 37,095 | 10,735 |
| Past due but not impaired: | | |
| Less than 1 month | – | – |
| Total | <u>37,095</u> | <u>10,735</u> |

The ageing analysis of the trade receivables arising from corporate finance advisory services and asset management services at the end of the reporting period, based on invoice date, are as follows:

| | As at 30 June 2018 <i>HK\$'000</i> (Unaudited) | As at 31 December 2017 <i>HK\$'000</i> (Audited) |
|-------------------------------|---|--|
| Neither past due nor impaired | 100 | 405 |
| Past due but not impaired: | | |
| Less than 1 month | 300 | 360 |
| Total | <u>400</u> | <u>765</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

11. TRADE PAYABLES

| | As at 30 June 2018 <i>HK\$'000</i> (Unaudited) | As at 31 December 2017 <i>HK\$'000</i> (Audited) |
|---|--|--|
| Trade payables arising from the ordinary course of business of: | | |
| Dealing in securities | | |
| Clients – cash | 23,296 | 61,817 |
| Clients – margin | 48,213 | 29,307 |
| Clearing house | 2,853 | – |
| | <u>74,362</u> | <u>91,124</u> |
| Dealing in futures contracts | | |
| Clients | 1,079 | 965 |
| | <u>75,441</u> | <u>92,089</u> |

The settlement terms of trade payables arising from the ordinary course of business of (i) dealing in securities are two days after trade date; and (ii) dealing in futures contracts are one day after trade date.

At 30 June 2018, trade payables to clients are interest-free (31 December 2017: interest-free), and are repayable on demand subsequent to settlement date except where certain trade payables to clients represent margin deposits received from clients for their trading in futures contracts under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of business.

At 30 June 2018, the trade payables amounting to approximately HK\$38.6 million (31 December 2017: approximately HK\$76.4 million) was payable to clients in respect of the trust and segregated bank balances received which are held for clients in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

12. SHARE CAPITAL

Details of the Company's authorised and issued ordinary share capital are as follows:

| | Number of ordinary shares | Share capital HK\$'000 |
|------------------------------------|------------------------------|---------------------------|
| Ordinary shares of HK\$0.01 each | | |
| Authorised: | | |
| At 1 January 2018 and 30 June 2018 | <u>2,000,000,000</u> | <u>20,000</u> |
| Issued and fully paid: | | |
| At 1 January 2018 and 30 June 2018 | <u>800,000,000</u> | <u>8,000</u> |

13. SIGNIFICANT RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

During the six months ended 30 June 2018 and 2017, the Group entered into the following significant transactions with its related parties:

| Related party | Nature of transaction | Notes | Six months ended 30 June 2018 HK\$'000 (Unaudited) | Six months ended 30 June 2017 HK\$'000 (Unaudited) |
|--|-----------------------|-------|---|---|
| Mr. Pan | Commission income | (a) | 53 | 6 |
| | Interest income | (b) | 39 | 5 |
| Autumn Ocean Limited, ultimate holding company | Commission income | (a) | – | 3 |
| Close family members of Mr. Pan | Commission income | (a) | 132 | 80 |
| | Interest income | (b) | 342 | 53 |
| Shine Clear Investments Limited, a company wholly-owned by a close family member of Mr. Pan | Commission income | (a) | 29 | 3 |
| | Interest income | (b) | 2 | 8 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

13. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(i) Transactions with related parties (Continued)

| Related party | Nature of transaction | Notes | Six months ended | Six months ended |
|--|-------------------------------------|-------|------------------|------------------|
| | | | 30 June 2018 | 30 June 2017 |
| | | | HK\$'000 | HK\$'000 |
| | | | (Unaudited) | (Unaudited) |
| Astrum Absolute Return China Fund | Fund management and performance fee | (c) | – | 546 |
| | Commission income | (a) | – | 333 |
| Mr. Kwan Chun Yee, Hidulf (“Mr. Kwan”) | Commission income | (a) | 2 | 2 |
| | Interest income | (b) | <u>5</u> | <u>1</u> |

Notes:

- (a) The commission income from brokerage services for (i) dealing in securities was calculated at rates which ranged from 0.08% to 0.20% (subject to minimum charge of HK\$50 or HK\$80) and (ii) dealing in futures contracts was based on the rates which substantially in line with those normally received by the Group from third parties.
- (b) The interest income received from securities and initial public offering financing were based on the rates which substantially in line with those normally received by the Group from third parties.
- (c) The fund management and performance fee were based on terms stipulated on the agreement entered between the contracting parties. The management shares of Astrum Absolute Return China Fund were held by Astrum Asset Management Limited, and Astrum Asset Management Limited was indirectly wholly-owned by Mr. Pan, whom was also a director of Astrum Absolute Return China Fund. In December 2017, Mr. Pan disposed his indirect interest in Astrum Asset Management Limited to an independent third party and ceased to be a director of Astrum Asset Management Limited and Astrum Absolute Return China Fund. From 1 January 2018 onwards, all transactions between the Group and Astrum Absolute Return China Fund, including, amongst others, fund management and brokerage services provided to Astrum Absolute Return China Fund by the Group do not constitute related parties transactions of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

13. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(ii) Outstanding balances with related parties

Included in trade receivables and trade payables arising from the ordinary course of business of dealing in securities and futures contracts are amounts due from and (to) certain related parties. Details of which are as follows:

| Related party | Nature of account | As at | As at |
|--|-------------------|--|--|
| | | 30 June 2018 HK\$'000 (Unaudited) | 31 December 2017 HK\$'000 (Audited) |
| Mr. Pan | Margin account | 755 | (146) |
| | Cash account | (109) | – |
| | Futures account | (400) | (266) |
| Mr. Kwan | Margin account | 91 | (4) |
| Close family members of Mr. Pan | Margin account | 9,098 | 6,195 |
| | Cash account | (1) | – |
| Shine Clear Investments Limited, a company wholly-owned by a close family member of Mr. Pan | Margin account | 1 | 355 |
| Astrum Absolute Return China Fund | Cash account | – | (581) |

The outstanding balance of cash account above represents the net balance of the account at the end of the reporting period.

Included in trade receivables arising from the ordinary course of business of asset management services as at 31 December 2017 of approximately HK\$405,000 were amount due from Astrum Absolute Return China Fund. The amount due was unsecured, interest-free and repayable within 30 days. In December 2017, Mr. Pan disposed his indirect interest in Astrum Asset Management Limited to an independent third party and ceased to be a director of Astrum Asset Management Limited and Astrum Absolute Return China Fund.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

13. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(iii) Compensation of key management personnel

Key management includes executive directors and senior management of the Company. The remuneration of key management during the six months ended 30 June 2018 and 2017 are as follows:

| | Six months ended 30 June 2018 HK\$'000 (Unaudited) | Six months ended 30 June 2017 HK\$'000 (Unaudited) |
|--|---|---|
| Salaries and other benefits in kind | 2,627 | 3,209 |
| Contributions to retirement benefit scheme | 36 | 36 |
| | <u>2,663</u> | <u>3,245</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of 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**”).

The financial results for the first half of 2018 were unsatisfactory as the placing and underwriting business of the Group tumbled down with only five new listing underwriting engagements completed. The inactive placing and underwriting business also brought negative impact to the brokerage services and securities and IPO financing business. However, the corporate finance advisory business recorded a promising result with a growing sign in terms of number of engagements and average revenue per engagement. Asset management service also denoted a growth as the net asset value per share of Astrum Absolute Return China Fund surpassed the high water mark achieved in December 2017.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2018 (the “**Current Period**”) was approximately HK\$13.0 million as compared to approximately HK\$38.6 million for the six months ended 30 June 2017 (the “**Corresponding Period**”), representing a decrease of approximately 66.3%. Such decrease was attributable to (i) the decrease in commission from brokerage services; (ii) the decrease in the number of placing and underwriting engagements secured and completed by the Group; and (iii) the decrease in interest income derived from securities and IPO financing services.

Commission from brokerage services decreased from approximately HK\$7.4 million for the Corresponding Period to approximately HK\$1.9 million for the Current Period, representing a decrease of approximately 74.3%. Such decrease was mainly due to the decrease in the transaction amount of customers’ securities trading.

Revenue derived from placing and underwriting services decreased from approximately HK\$23.9 million for the Corresponding Period to approximately HK\$4.7 million for the Current Period, representing a significant decrease of approximately 80.3%. Such decrease was mainly due to the decrease in the number of placing and underwriting engagements completed by the Group from eleven engagements for the Corresponding Period to five engagements for the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue (Continued)

Corporate finance advisory services fee increased from approximately HK\$1.3 million for the Corresponding Period to approximately HK\$3.4 million for the Current Period, representing an increase of approximately 161.5%. Such increase was mainly due to the increase in the number of financial advisory engagements charged by the Group from eight engagements for the Corresponding Period to eleven engagements for the Current Period.

Interest income from securities and IPO financing decreased from approximately HK\$5.5 million for the Corresponding Period to approximately HK\$1.6 million for the Current Period, representing a decrease of approximately 70.9%. Such decrease was attributable to the weak demand for margin financing from customers.

Asset management services fee increased from approximately HK\$0.5 million for the Corresponding Period to approximately HK\$1.4 million for the Current Period, representing an increase of approximately 180.0%. Such increase was due to the recognition of performance fee of approximately HK\$0.7 million in the Current Period as the net asset value per share of Astrum Absolute China fund surpassed the high water mark achieved in December 2017 while no performance fee was charged in the Corresponding Period.

Other income

Other income decreased from approximately HK\$1.2 million for the Corresponding Period to approximately HK\$244,000 for the Current Period. Such decrease was mainly due to (i) the decrease in the transaction amount of customers' securities trading which in turn resulted in the decrease in handling fees income, such as CCASS charges and scrip fees received from customers; and (ii) the decrease in administrative services income received from customers.

Administrative and other operating expenses

Administrative and other operating expenses decreased from approximately HK\$17.5 million for the Corresponding Period to approximately HK\$12.8 million for the Current Period, representing a decrease of approximately 26.9%. Such decrease was mainly due to (i) the decrease in the total employee benefits expense from approximately HK\$8.3 million for the Corresponding Period to approximately HK\$7.6 million for the Current Period; and (ii) the decrease in commission expenses in respect of the placing and underwriting services from approximately HK\$3.9 million for the Corresponding Period to approximately HK\$22,000 for the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Finance costs

The finance costs increased from approximately HK\$189,000 for the Corresponding Period to approximately HK\$254,000 for the Current Period.

PROFIT FOR THE PERIOD

As a result of the foregoing, profit and total comprehensive income attributable to owners of the Company decreased by approximately HK\$18.3 million, or approximately 99.8%, from approximately HK\$18.3 million for the Corresponding Period to approximately HK\$34,000 for the Current Period.

PROSPECTS

The Hong Kong securities market is expected to be full of challenges in 2018. The continuous southbound capital inflows and the mega-sized IPOs from renowned mainland enterprises would continue to boost the market sentiment. However, the impact of global stock market and US-China trade war would also pose crisis to the Hong Kong securities market.

While brokerage service, margin financing service and asset management service are expected to be affected by the market environment, the management of the Group will continue to spend their effort in sustaining existing clients while reaching out to broaden the client base for the placing and underwriting business and corporate finance advisory business.

Subsequent to 30 June 2018 and up to the date of this announcement, the Group completed 2 placing and underwriting engagements and 2 corporate finance advisory engagements and had 1 placing and underwriting engagement and 4 corporate finance advisory engagements in progress.

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\$5.4 million has been used as general working capital for payment of rent and management fee and compliance adviser fee; and (iii) approximately HK\$1.4 million has been kept at bank for future use as general working capital as stated in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION

As at 30 June 2018, the Group had 21 employees (31 December 2017: 23 employees) and 4 account executives (31 December 2017: 4 account executives). Total staff costs (including directors' remuneration) for the Current Period were approximately HK\$7.6 million (Corresponding Period: approximately HK\$8.3 million).

Employees' remuneration was determined based on the employees' qualification, experience, position and seniority. Review of employee remuneration is conducted annually to determine whether any bonus or salary adjustments are required to be made.

The Group adopted a share option scheme (the "**Scheme**"). Since its adoption, no options have been granted or agreed to be granted pursuant to the Scheme and, therefore, there were no outstanding options as at 30 June 2018 (31 December 2017: Nil).

Most of the employees are licensed with the Securities and Futures Commission of Hong Kong (the "**SFC**") as responsible officers or licensed representatives and therefore are required to comply with the continuous professional training requirements. From time to time, the Group provides in-house continuous professional training and updates on changes or development in the financial industry including the revisions on rules and regulations to update the employees' knowledge and skills so as to maintain their professional competence and keep them remaining fit and proper.

LIQUIDITY AND FINANCIAL RESOURCES

During the Current Period, the Group mainly financed its operations, capital expenditure and other capital requirements by internal resources and net proceeds raised from the Share Offer in July 2016 and occasionally financed its financing services by IPO stagg bank loan facility.

As at 30 June 2018,

- (i) the total assets of the Group amounted to approximately HK\$246.5 million (31 December 2017: approximately HK\$266.8 million). Such decrease in total assets was mainly due to the decrease in bank balances and cash of approximately HK\$65.2 million; and was partly offset by the increase in trade receivables of approximately HK\$45.7 million as a result of increase in trade receivables due from (a) clearing house of approximately HK\$35.1 million and (b) subscriptions of new shares in initial public offering of approximately HK\$21.9 million;

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

- (ii) the total equity attributable to owners of the Company amounted to approximately HK\$169.1 million (31 December 2017: approximately HK\$173.0 million). Such decrease in total equity attributable to owners of the Company was mainly due to the payment of Q1 Dividend of HK\$4.0 million on 13 June 2018;
- (iii) the net current assets of the Group amounted to approximately HK\$154.1 million (31 December 2017: approximately HK\$157.5 million) and the current ratio of the Group, being the ratio of current assets to current liabilities, was approximately 3.0 times (31 December 2017: approximately 2.7 times). The increase in net current assets and current ratio was mainly due to the decrease in trade payables as at 30 June 2018 compared to 31 December 2017;
- (iv) the total bank balances and cash of the Group, which were substantially denominated in Hong Kong Dollars, amounted to approximately HK\$110.5 million (31 December 2017: approximately HK\$175.6 million). Such decrease was mainly due to the decrease in bank balances in (a) general accounts of approximately HK\$27.3 million and (b) trust accounts of approximately HK\$37.9 million; and
- (v) the Group did not have any debt (31 December 2017: Nil) and therefore gearing ratio was not applicable.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charges of assets as at 30 June 2018 (31 December 2017: Nil).

FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Hong Kong dollars. Therefore, the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal and no financial instrument for hedging was employed during the Current Period.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the Current Period.

MATERIAL ACQUISITIONS OR DISPOSALS

During the Current Period, the Group did not conduct any material acquisition or disposal of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this announcement, there was no plan authorised by the Board for any material investments or additions of capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

As at 30 June 2018, the Group had a gross commitment of approximately HK\$243.8 million in respect of the underwriting and sub-underwriting agreements with independent third parties in relation to rights issue and IPO of shares listed/to be listed in Hong Kong.

As at 31 December 2017, the Group did not have any gross commitment in respect of the underwriting and sub-underwriting agreements with independent third parties in relation to rights issue and initial public offering of shares listed/to be listed in Hong Kong.

As at 30 June 2018, the Group had operating lease commitments of approximately HK\$1.1 million (31 December 2017: approximately HK\$2.0 million).

Save as disclosed above, the Group did not have any capital commitments as at 30 June 2018 (31 December 2017: Nil).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2018 (31 December 2017: Nil.)

EVENT AFTER THE REPORTING PERIOD

After the Current Period and up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors.

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 June 2018, 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 | Approximate percentage of shareholding (Note 2) |
|------------------|--------------------------------------|-----------------------|--|
| Mr. Pan (Note 1) | Interest of a controlled corporation | 532,685,000 | 66.59% |

Notes:

1. 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.
2. The percentage is calculated on the basis of 800,000,000 shares in issue as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, 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.

OTHER INFORMATION

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 June 2018, 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 | Approximate percentage of shareholding <i>(Note 2)</i> |
|---|-------------------------------------|---|--|
| Ms. Liu Ming Lai Lorna <i>(Note 1)</i> | Interest of spouse | 532,685,000 | 66.59% |
| Autumn Ocean Limited | Beneficial interest | 532,685,000 | 66.59% |

Notes:

1. 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.
2. The percentage is calculated on the basis of 800,000,000 shares in issue as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, 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.

OTHER INFORMATION

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 June 2018.

DIRECTOR’S 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 30 June 2018 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.

CHANGES IN THE INFORMATION OF DIRECTORS

The followings set out the changes in the information of the Directors that are subject to disclosure pursuant to Rule 17.50A(1) of the GEM Listing Rules during the Current Period:

- (1) With effect from 1 January 2018,
 - (i) the monthly remuneration of Mr. Pan, the chairman of the Board, an executive Director and the chief executive officer of the Group, has been increased to HK\$185,000;
 - (ii) the monthly remuneration of Mr. Kwan, an executive Director, has been increased to HK\$145,000; and
 - (iii) the Director’s fee of each of Mr. Chan Chun Hong, Mr. Lee Tak Cheung Vincent and Mr. Lau Hon Kee, each being an independent non-executive Director, has been increased to HK\$11,000 per month.

All the above increments have been reviewed and approved by the remuneration committee of the Company and the Board respectively.

- (2) With effect from 5 February 2018, Mr. Lau Hon Kee, an independent non-executive Director, ceased to be the joint company secretaries of Zhejiang Tengy Environmental Technology Co., Ltd (stock code: 1527).

OTHER INFORMATION

COMPETING INTERESTS

As at 30 June 2018, 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 July 2018 on their compliance of the non-competition undertaking under the Deed of Non-competition (“**Pan’s Undertaking**”) for the period from 1 April 2018 to 30 June 2018. 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 April 2018 to 30 June 2018.

COMPLIANCE ADVISER’S INTERESTS

As at 30 June 2018, 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 Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Director’s securities transaction. Having made specific enquiries with all Directors, all of them confirmed that they have complied with the required standard of dealings throughout the Current Period. The Company has not been notified of any incident of non-compliance during the Current Period.

SHARE CAPITAL

The Company did not issue any equity securities (including securities convertible into equity securities) for cash during the Current Period as set out in Rule 18.32 of the GEM Listing Rules. Details of movements in the share capital of the Company during the Current Period are set out in Note 12 to the unaudited condensed consolidated financial statements.

OTHER INFORMATION

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 separated 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.

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at 30 June 2018, the Group had no circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules.

OTHER INFORMATION

THE BOARD

The Board currently consists of five members including two executive Directors and three independent non-executive Directors. In compliance with Rules 5.05(1) & (2) and Rule 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors, representing more than one-third of the Board and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise. The Board is of the view that the Board comprises members with diversified background and industry expertise to oversee and operate the Company efficiently and safeguard the interests of various stakeholders of the Company.

AUDIT COMMITTEE

The chairman of the Audit Committee is Mr. Lau Hon Kee, being an independent non-executive Director, and other members include Mr. Chan Chun Hong and Mr. Lee Tak Cheung Vincent, both being independent non-executive Directors.

The primary duties of the Audit Committee are to (i) to review and monitor the Company's external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (ii) monitor integrity of the Company's financial statements, review annual report and accounts, half-year report and quarterly reports, and review significant financial reporting judgements contained in them; and (iii) review the Company's financial reporting, financial controls, risk management and internal control systems.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

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

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

At a board meeting of the Company held on 2 August 2018, the Board declared Q2 Dividend of HK\$0.005 in cash per share for the three months ended 30 June 2018. The Q2 Dividend will be paid on or about Monday, 10 September 2018 to shareholders whose names appear on the register of members of the Company on Friday, 24 August 2018.

The register of members of the Company will be closed from Wednesday, 22 August 2018 to Friday, 24 August 2018 (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 Tuesday, 21 August 2018.

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

Hong Kong, 2 August 2018

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

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) for at least 7 days from the date of its publication and on the website of the Company (www.astrum-capital.com).