



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



2019
INTERIM
REPORT

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibilities for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 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 2019 amounted to approximately HK\$32.6 million while revenue for the six months ended 30 June 2018 amounted to approximately HK\$13.0 million.
- Profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2019 amounted to approximately HK\$11.1 million while 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.
- Basic earnings per share for the six months ended 30 June 2019 amounted to approximately HK1.39 cents while basic earnings per share for the six months ended 30 June 2018 amounted to approximately HK0.004 cents.
- At a board meeting of the Company held on 7 May 2019, the Board declared an interim dividend (“**Q1 Dividend**”) of HK\$0.005 per share (three months ended 31 March 2018: HK\$0.005 per share) for the three months ended 31 March 2019, amounting to HK\$4.0 million (three months ended 31 March 2018: 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 2019.
- At a board meeting of the Company held on 6 August 2019, the Board declared an interim dividend (“**Q2 Dividend**”) of HK\$0.005 per share (three months ended 30 June 2018: HK\$0.005 per share) for the three months ended 30 June 2019, amounting to HK\$4.0 million (three months ended 30 June 2018: HK\$4.0 million). Such declared Q2 Dividend in the total amount of HK\$4.0 million has not been recognised as a liability as at 30 June 2019.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019 together with the comparative unaudited figures for the corresponding periods in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	24,576	7,202	32,583	12,980
Other income	4	246	116	376	244
Administrative and other operating expenses		(14,065)	(6,272)	(19,960)	(12,836)
Finance costs		(165)	(175)	(176)	(254)
Profit before tax	5	10,592	871	12,823	134
Income tax expense	6	(1,500)	(100)	(1,700)	(100)
Profit and total comprehensive income for the period		9,092	771	11,123	34
Profit and total comprehensive income for the period attributable to					
– Owners of the Company		9,110	771	11,141	34
– Non-controlling interests		(18)	–	(18)	–
		9,092	771	11,123	34
Earnings per share					
– Basic and diluted (HK cents)	8	1.14	0.10	1.39	0.004

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	832	823
Right-of-use assets		4,938	–
Intangible assets		950	950
Other assets		12,792	12,834
Deferred tax assets		160	160
		<u>19,672</u>	<u>14,767</u>
Current assets			
Trade receivables	10	37,677	39,744
Deposits, prepayments and other receivables		697	1,508
Bank balances and cash			
– General accounts and cash		145,883	135,099
– Trust accounts		48,948	35,507
		<u>233,205</u>	<u>211,858</u>
Total assets		<u>252,877</u>	<u>226,625</u>
Current liabilities			
Trade payables	11	50,739	38,349
Other payables and accruals		1,009	937
Lease liabilities		2,630	–
Current tax liabilities		5,508	3,808
		<u>59,886</u>	<u>43,094</u>
Net current assets		<u>173,319</u>	<u>168,764</u>
Total assets less current liabilities		<u>192,991</u>	<u>183,531</u>
Non-current liabilities			
Lease liabilities		2,336	–
Net assets		<u>190,655</u>	<u>183,531</u>
Capital and reserves			
Share capital	12	8,000	8,000
Reserves		182,672	175,531
Equity attributable to owners of the Company		190,672	183,531
Non-controlling interests		(17)	–
Total equity		<u>190,655</u>	<u>183,531</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2019*

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June 2018							
Balance at 1 January 2018 (Audited)	8,000	77,179	38,401	49,466	173,046	-	173,046
Profit and total comprehensive income for the period	-	-	-	34	34	-	34
Dividends recognised as distribution during the period (Note 7)	-	-	-	(4,000)	(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>	<u>-</u>	<u>169,080</u>
Six months ended 30 June 2019							
Balance at 1 January 2019 (Audited)	8,000	77,179	38,401	59,951	183,531	-	183,531
Profit and total comprehensive income for the period	-	-	-	11,141	11,141	(18)	11,123
Capital contribution from non-controlling interests	-	-	-	-	-	1	1
Dividends recognised as distribution during the period (Note 7)	-	-	-	(4,000)	(4,000)	-	(4,000)
Balance at 30 June 2019 (Unaudited)	<u>8,000</u>	<u>77,179</u>	<u>38,401</u>	<u>67,092</u>	<u>190,672</u>	<u>(17)</u>	<u>190,655</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2019*

	Six months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	15,489	(23,282)
Net cash used in investing activities	(226)	(19)
Net cash used in financing activities	(4,479)	(4,000)
Net increase/(decrease) in cash and cash equivalents	10,784	(27,301)
Cash and cash equivalents at the beginning of period	134,994	99,095
Cash and cash equivalents at the end of period	145,778	71,794
Analysis of the balances of cash and cash equivalents		
Bank balances and cash, excluding trust accounts	145,883	71,898
Less:		
Fixed deposit with original maturity over three months	(105)	(104)
	145,778	71,794

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 2019 have been prepared in accordance with Hong Kong Accounting Standard 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 2018.

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 2019 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2018, 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 2019.

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 2019

2. BASIS OF PREPARATION (Continued)

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained profits as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value. The application has no material effect on the amounts reported during the six months ended 30 June 2019.

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

HKFRS 17	Insurance Contracts ³
Amendments to HKFRS 3	Definition of a Business ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 1 and HKAS 8	Definition of Material ²

¹ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. BASIS OF PREPARATION (Continued)

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 6 August 2019.

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 2019 and 2018 are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Commission from brokerage services ⁽ⁱ⁾	1,231	650	1,843	1,929
Placing and underwriting commission ⁽ⁱ⁾	20,437	4,414	24,643	4,714
Corporate finance advisory services fee ⁽ⁱⁱ⁾	1,660	950	3,830	3,350
Interest income from securities and initial public offering financing	922	872	1,626	1,615
Asset management services ⁽ⁱⁱ⁾				
– Fund management and performance fee	326	316	641	1,372
	<u>24,576</u>	<u>7,202</u>	<u>32,583</u>	<u>12,980</u>

(i) Revenue recognised at a point in time

(ii) Revenue recognised over time

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 June 2019***4. OTHER INCOME**

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income from				
– banks	103	1	178	3
– others	8	2	12	2
Administrative services income	2	2	4	29
Management fee income	9	7	18	16
Handling fee income	124	104	164	194
	<u>246</u>	<u>116</u>	<u>376</u>	<u>244</u>

5. PROFIT BEFORE TAX

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

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Auditors' remuneration	162	175	325	350
Commission expenses	6,555	5	6,556	22
Depreciation of property, plant and equipment	107	264	217	526
Depreciation of right-of-use assets	449	–	449	–
Interest expense on bank overdrafts and borrowings	106	175	117	254
Interest expense on lease liabilities	59	–	59	–
Net foreign exchange loss/(gain)	21	(1)	–	(30)
Operating lease payments in respect of rented premises	<u>195</u>	<u>510</u>	<u>773</u>	<u>1,020</u>
Employee benefits expense:				
Salaries and other benefits in kind	4,352	3,414	7,739	7,245
Commission to accounts executives	342	40	469	245
Contributions to retirement benefit scheme	93	77	176	155
Total employee benefits expense, including directors' emoluments	<u>4,787</u>	<u>3,531</u>	<u>8,384</u>	<u>7,645</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 June 2019***6. INCOME TAX EXPENSE**

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:				
– Current period	<u>1,500</u>	<u>100</u>	<u>1,700</u>	<u>100</u>

Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000 for the three months and six months ended 30 June 2019 and 2018.

7. DIVIDENDS

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	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 2019, the Board declared an interim dividend (“**Q1 Dividend**”) of HK\$0.005 per share (three months ended 31 March 2018: HK\$0.005 per share) for the three months ended 31 March 2019, amounting to HK\$4.0 million (three months ended 31 March 2018: 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 2019.

At a board meeting of the Company held on 6 August 2019, the Board declared an interim dividend (“**Q2 Dividend**”) of HK\$0.005 per share (three months ended 30 June 2018: HK\$0.005 per share) for the three months ended 30 June 2019, amounting to HK\$4.0 million (three months ended 30 June 2018: HK\$4.0 million). Such declared Q2 Dividend in the total amount of HK\$4.0 million has not been recognised as a liability as at 30 June 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 June 2019***8. EARNINGS PER SHARE**

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	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>9,110</u>	<u>771</u>	<u>11,141</u>	<u>34</u>
	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
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 2019 and 2018.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately HK\$226,000 (six months ended 30 June 2018: approximately HK\$18,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 June 2019***10. TRADE RECEIVABLES**

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Trade receivables arising from the ordinary course of business of:		
Dealing in securities		
Clients – cash	1,213	2,292
Clients – margin	34,777	32,118
Clearing house	–	957
	35,990	35,367
Dealing in futures contracts		
Clearing house	216	–
Corporate finance advisory services	1,360	4,275
Asset management services	111	102
	37,677	39,744

The settlement terms of trade receivables arising from the ordinary course of business of (i) dealing in securities from cash clients and clearing house 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 2019***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 2019, loans to margin clients are secured by clients' securities pledged as collateral with market value of approximately HK\$152.7 million (31 December 2018: HK\$133.0 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 and clearing houses presented based on the trade date is as follows:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
0 – 30 days	<u>1,429</u>	<u>3,249</u>

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
0 – 30 days	1,091	4,202
31 – 60 days	80	175
60 – 90 days	300	–
Total	<u>1,471</u>	<u>4,377</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 June 2019***11. TRADE PAYABLES**

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Trade payables arising from the ordinary course of business of:		
Dealing in securities		
Clients – cash	23,844	19,851
Clients – margin	22,370	15,670
Clearing house	3,443	1,653
	<u>49,657</u>	<u>37,174</u>
Dealing in futures contracts		
Clients	1,082	1,175
	<u>50,739</u>	<u>38,349</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.

Trade payables to clients are 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 2019, the trade payables amounting to approximately HK\$48.9 million (31 December 2018: approximately HK\$35.5 million) was payable to clients in respect of the trust and segregated bank balances received which were 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 2019***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 2019 and 30 June 2019	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 January 2019 and 30 June 2019	<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 2019 and 2018, the Group entered into the following significant transactions with its related parties:

Related party	Nature of transaction	Notes	Six months ended 30 June 2019 HK\$'000 (Unaudited)	Six months ended 30 June 2018 HK\$'000 (Unaudited)
Mr. Pan	Commission income	(a)	46	53
	Interest income	(b)	49	39
Close family members of Mr. Pan	Commission income	(a)	18	132
	Interest income	(b)	383	342
Shine Clear Investments Limited, a company wholly-owned by a close family member of Mr. Pan	Commission income	(a)	9	29
	Interest income	(b)	5	2
Mr. Kwan Chun Yee, Hidulf ("Mr. Kwan")	Commission income	(a)	1	2
	Interest income	(b)	–	5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 June 2019***13. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)****(i) Transactions with related parties (Continued)**

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.

(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	Notes	As at	As at
			30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Mr. Pan	Margin account		(97)	462
	Cash account	(b)	(758)	(9)
	Futures account		(9)	(177)
Mr. Kwan	Margin account		(7)	35
Close family members of Mr. Pan	Margin account	(a)	896	9,124
	Cash account	(b)	(122)	(1)
Shine Clear Investments Limited, a company wholly-owned by a close family member of Mr. Pan	Margin account		(255)	(5)
Mr. Fung Tat Hung Ricky, a member of the key management personnel	Margin account		(21)	(23)
	Futures account		(10)	(10)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 June 2019***13. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)****(ii) Outstanding balances with related parties (Continued)**

Notes:

- (a) The maximum outstanding balance during the six months ended 30 June 2019 was approximately HK\$9,462,000.
- (b) The outstanding balance of cash account represents the net balance of the account at the end of the reporting period.

(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 2019 and 2018 are as follows:

	Six months ended 30 June 2019 HK\$'000 (Unaudited)	Six months ended 30 June 2018 HK\$'000 (Unaudited)
Salaries and other benefits in kind	2,974	2,627
Contributions to retirement benefit scheme	36	36
	<u>3,010</u>	<u>2,663</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 six months ended 30 June 2019 (the “Current Period”) recorded a remarkable growth as the Group completed six placing and underwriting transactions with revenue of approximately HK\$24.6 million. The performance of brokerage services, corporate finance advisory services and financing services was relatively stable in the Current Period. However, asset management services recorded a drop as no performance fee was recognised for the Current Period.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Period was approximately HK\$32.6 million as compared to approximately HK\$13.0 million for the six months ended 30 June 2018 (the “Corresponding Period”), representing a substantial increase of approximately 150.8%. Such increase was mainly attributable to the increase in commission income from placing and underwriting services.

Commission from brokerage services decreased slightly from approximately HK\$1.9 million for the Corresponding Period to approximately HK\$1.8 million for the Current Period, representing a decrease of approximately 5.3%.

Revenue derived from placing and underwriting services increased from approximately HK\$4.7 million for the Corresponding Period to approximately HK\$24.6 million for the Current Period, representing a significant increase of approximately 423.4%. During the Current Period, the Group completed six placing and underwriting engagements as compared to five placing and underwriting engagements in the Corresponding Period. The Group acted as the sole bookrunner and sole lead manager for two new listing companies during the Current Period which resulted in the significant increase in placing and underwriting commission.

Corporate finance advisory services fee increased from approximately HK\$3.4 million for the Corresponding Period to approximately HK\$3.8 million for the Current Period, representing an increase of approximately 11.8%. During the Current Period, the Group charged seven financial advisory engagements as compared to eleven financial advisory engagements in the Corresponding Period.

Interest income from securities and IPO financing for the Current Period and the Corresponding Period remained relatively stable at approximately HK\$1.6 million.

Asset management services fee decreased from approximately HK\$1.4 million for the Corresponding Period to approximately HK\$0.6 million for the Current Period, representing a decrease of approximately 57.1%. In the Current Period, the Group did not recognise performance fee as the net asset value of Astrum Absolute Return China Fund did not surpass the high water mark achieved in 2018. In the Corresponding Period, the Group charged performance fee of approximately HK\$0.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Other income

Other income increased from approximately HK\$244,000 for the Corresponding Period to approximately HK\$376,000 for the Current Period. Such increase was mainly due to the increase in interest income from banks and offset by (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 increased from approximately HK\$12.8 million for the Corresponding Period to approximately HK\$20.0 million for the Current Period, representing an increase of approximately 56.3%. Such increase was mainly due to (i) the increase in the total employee benefits expense from approximately HK\$7.6 million for the Corresponding Period to approximately HK\$8.4 million for the Current Period; and (ii) the increase in commission expenses in respect of the placing and underwriting services from approximately HK\$22,000 for the Corresponding Period to approximately HK\$6.6 million for the Current Period.

Finance costs

The finance costs decreased from approximately HK\$254,000 for the Corresponding Period to approximately HK\$176,000 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 increased from approximately HK\$34,000 for the Corresponding Period to approximately HK\$11.1 million for the Current Period.

PROSPECTS

Looking ahead for 2019, the global economy, beset with considerable uncertainties and downward pressures, has abruptly turned from synchronised robust growth in early last year to the current synchronised slowdown. Market sentiment has become increasingly cautious. The International Monetary Fund (IMF) projected the global economic growth forecast for 2019 to slow down from 3.6 percent in 2018 to 3.2 percent in 2019 in its World Economic Outlook update released in July 2019, indicating that the slowdown risks should not be ignored.

Development of the US-China trade war, the final Brexit arrangements and timetable and the slowdown in China's economy are the key uncertainties that greatly affect investors' risk appetite. The uncertain global economic outlook together with the recent ongoing protests in Hong Kong will restrain Hong Kong's economic performance and cast a shadow on the Hong Kong stock market. The performance of the Group in 2019 would inevitably be affected by the macroeconomic environment and the domestic political development. However, under the shadow of the uncertain global economic outlook and the social unrest in Hong Kong, the Group will stay alert of, and take appropriate actions in response to, the change in business environment in Hong Kong, with an aim of striving for sustained income and balanced growth.

Subsequent to 30 June 2019 and up to the date of this report, the Group had one placing and underwriting engagement in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION

As at 30 June 2019, the Group had 25 employees (31 December 2018: 23 employees) and 3 account executives (31 December 2018: 4 account executives). Total staff costs (including directors' remuneration) for the Current Period were approximately HK\$8.4 million (Corresponding Period: approximately HK\$7.6 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 2019 (31 December 2018: 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 and occasionally financed its financing services by IPO staging bank loan facility.

As at 30 June 2019,

- (i) the total assets of the Group amounted to approximately HK\$252.9 million (31 December 2018: approximately HK\$226.6 million). Such increase in total assets was mainly due to the increase in bank balances and cash of approximately HK\$24.2 million;
- (ii) the total equity attributable to owners of the Company amounted to approximately HK\$190.7 million (31 December 2018: approximately HK\$183.5 million). Such increase in total equity attributable to owners of the Company was mainly due to the contribution of the profit and total comprehensive income for the Current Period in the amount of approximately HK\$11.1 million and offset by the payment of Q1 Dividend of HK\$4.0 million on 13 June 2019;
- (iii) the net current assets of the Group amounted to approximately HK\$173.3 million (31 December 2018: approximately HK\$168.8 million) and the current ratio of the Group, being the ratio of current assets to current liabilities, was approximately 3.9 times (31 December 2018: approximately 4.9 times). The net current assets of the Group as at 30 June 2019 and 31 December 2018 remained relatively stable. As the increasing rate of the current liabilities (approximately 39.0%) was greater than that of the current assets (approximately 10.1%), the current ratio of the Group decreased from approximately 4.9 times as at 31 December 2018 to 3.9 times as at 30 June 2019;

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

- (iv) the total bank balances and cash of the Group, which were substantially denominated in Hong Kong Dollars, amounted to approximately HK\$194.8 million (31 December 2018: approximately HK\$170.6 million). Such increase was mainly due to the increase in bank balances in (a) general accounts of approximately HK\$10.8 million and (b) trust accounts of approximately HK\$13.4 million; and
- (v) the Group did not have any debt (31 December 2018: 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 2019 (31 December 2018: 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 report, there was no plan authorised by the Board for any material investments or additions of capital assets.

COMMITMENTS

The Group did not have any capital commitments as at 30 June 2019 (31 December 2018: Nil).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2019 (31 December 2018: Nil.)

EVENT AFTER THE REPORTING PERIOD

After the Current Period and 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.

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 2019, 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:

- 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 June 2019.

Save as disclosed above, as at 30 June 2019, 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 2019, 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 (Note 2)
Ms. Liu Ming Lai Lorna (Note 1)	Interest of spouse	532,685,000	66.59%
Autumn Ocean Limited	Beneficial interest	532,685,000	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 June 2019.

Save as disclosed above, as at 30 June 2019, 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 June 2019.

OTHER INFORMATION

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 report, at no time during the Current Period and as at 30 June 2019 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:

With effect from 1 January 2019,

- (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\$201,500; and
- (ii) the monthly remuneration of Mr. Kwan, an executive Director, has been increased to HK\$156,000.

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

COMPETING INTERESTS

As at 30 June 2019, 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 2019 on their compliance of the non-competition undertaking under the Deed of Non-competition ("**Pan's Undertaking**") for the period from 1 April 2019 to 30 June 2019. 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 2019 to 30 June 2019.

OTHER INFORMATION

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.

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.

OTHER INFORMATION

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at 30 June 2019, 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.

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.

OTHER INFORMATION

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

At a board meeting of the Company held on 6 August 2019, the Board declared Q2 Dividend of HK\$0.005 in cash per share for the three months ended 30 June 2019. The Q2 Dividend will be paid on or about Monday, 9 September 2019 to shareholders whose names appear on the register of members of the Company on Friday, 23 August 2019.

The register of members of the Company will be closed from Thursday, 22 August 2019 to Friday, 23 August 2019 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 August 2019.

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

Hong Kong, 6 August 2019

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

Independent Non-executive Directors

Mr. Chan Chun Hong

Mr. Lee Tak Cheung Vincent

Mr. Lau Hon Kee