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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 2020

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.

*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.*

SUMMARY

- Revenue for the six months ended 30 June 2020 amounted to approximately HK\$35.8 million while revenue for the six months ended 30 June 2019 amounted to approximately HK\$32.6 million.
- Loss and total comprehensive expense attributable to owners of the Company for the six months ended 30 June 2020 amounted to approximately HK\$0.4 million while 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.
- Basic loss per share for the six months ended 30 June 2020 amounted to approximately HK0.05 cents while basic earnings per share for the six months ended 30 June 2019 amounted to approximately HK1.39 cents.
- At a board meeting of the Company held on 7 May 2020, the Board declared an interim dividend (“**Q1 Dividend**”) of HK\$0.005 per share for the three months ended 31 March 2020 (three months ended 31 March 2019: HK\$0.005 per share), amounting to HK\$4.0 million (three months ended 31 March 2019: 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 12 June 2020.
- At a board meeting of the Company held on 6 August 2020, the Board declared an interim dividend (“**Q2 Dividend**”) of HK\$0.0025 per share for the three months ended 30 June 2020 (three months ended 30 June 2019: HK\$0.005 per share), amounting to HK\$2.0 million (three months ended 30 June 2019: HK\$4.0 million). Such declared Q2 Dividend in the total amount of HK\$2.0 million has not been recognised as a liability as at 30 June 2020.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 2020 together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2020

| | Notes | Three months ended 30 June | | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) |
| Revenue | 3 | 26,869 | 24,576 | 35,847 | 32,583 |
| Other income | 4 | 362 | 246 | 1,001 | 376 |
| Net realised gain arising from financial assets at fair value through profit or loss | | 10 | – | 35 | – |
| Net unrealised gain arising from financial assets at fair value through profit or loss | | 60 | – | 78 | – |
| Administrative and other operating expenses | | (28,467) | (14,065) | (36,779) | (19,960) |
| Finance costs | | (424) | (165) | (593) | (176) |
| (Loss)/profit before tax | 5 | (1,590) | 10,592 | (411) | 12,823 |
| Income tax credit/(expense) | 6 | 100 | (1,500) | - | (1,700) |
| (Loss)/profit and total comprehensive (expense)/income for the period | | (1,490) | 9,092 | (411) | 11,123 |
| (Loss)/profit and total comprehensive (expense)/income for the period attributable to | | | | | |
| – Owners of the Company | | (1,490) | 9,110 | (411) | 11,141 |
| – Non-controlling interests | | - | (18) | - | (18) |
| | | (1,490) | 9,092 | (411) | 11,123 |
| (Loss)/earnings per share | | | | | |
| – Basic and diluted (HK cents) | 8 | (0.19) | 1.14 | (0.05) | 1.39 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

| | <i>Notes</i> | As at 30 June 2020 <i>HK\$'000</i> (Unaudited) | As at 31 December 2019 <i>HK\$'000</i> (Audited) |
|---|--------------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 9 | 430 | 640 |
| Right-of-use assets | | 2,342 | 3,747 |
| Intangible assets | | 950 | 950 |
| Other assets | | 2,082 | 2,038 |
| Deferred tax assets | | 204 | 204 |
| | | 6,008 | 7,579 |
| Current assets | | | |
| Trade receivables | 10 | 117,067 | 45,473 |
| Deposits, prepayments and other receivables | | 1,165 | 1,207 |
| Financial assets at fair value through profit or loss | 11 | 2,115 | – |
| Tax recoverable | | 517 | – |
| Bank balances and cash | | | |
| – General accounts and cash | | 62,304 | 143,411 |
| – Trust accounts | | 65,619 | 66,293 |
| | | 248,787 | 256,384 |
| Total assets | | 254,795 | 263,963 |
| Current liabilities | | | |
| Trade payables | 12 | 72,433 | 69,655 |
| Other payables and accruals | | 853 | 1,003 |
| Current tax liabilities | | – | 5,983 |
| Lease liabilities | | 2,376 | 2,822 |
| | | 75,662 | 79,463 |
| Net current assets | | 173,125 | 176,921 |
| Total assets less current liabilities | | 179,133 | 184,500 |
| Non-current liabilities | | | |
| Lease liabilities | | – | 956 |
| Net assets | | 179,133 | 183,544 |
| Capital and reserves | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 13 | 8,000 | 8,000 |
| Reserves | | 171,133 | 175,544 |
| Total equity | | 179,133 | 183,544 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

| | Attributable to owners of the Company | | | | | Non-controlling interests | Total equity |
|---|---------------------------------------|---------------|-----------------|------------------|----------------|---------------------------|----------------|
| | Share capital | Share premium | Special reserve | Retained profits | Total | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | | |
| 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) | 8,000 | 77,179 | 38,401 | 67,092 | 190,672 | (17) | 190,655 |
| Six months ended 30 June 2020 | | | | | | | |
| Balance at 1 January 2020 (Audited) | 8,000 | 77,179 | 38,401 | 59,964 | 183,544 | – | 183,544 |
| Loss and total comprehensive expense for the period | – | – | – | (411) | (411) | – | (411) |
| Dividends recognised as distribution during the period (Note 7) | – | – | – | (4,000) | (4,000) | – | (4,000) |
| Balance at 30 June 2020 (Unaudited) | 8,000 | 77,179 | 38,401 | 55,553 | 179,133 | – | 179,133 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

| | Six months ended | |
|---|-------------------------|--------------------|
| | 30 June | |
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Net cash (used in)/generated from operating activities | (73,659) | 15,489 |
| Net cash used in investing activities | (2,009) | (226) |
| Net cash used in financing activities | (5,439) | (4,479) |
| Net (decrease)/increase in cash and cash equivalents | (81,107) | 10,784 |
| Cash and cash equivalents at the beginning of period | 143,304 | 134,994 |
| Cash and cash equivalents at the end of period | 62,197 | 145,778 |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash, excluding trust accounts | 62,304 | 145,883 |
| Less: | | |
| Fixed deposit with original maturity over three months | (107) | (105) |
| | 62,197 | 145,778 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 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 2020 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 2019.

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 2020 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2019, 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 2020.

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 2020

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 17 | Insurance Contracts ¹ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ² |
| Amendments to HKFRS 16 | Covid-19 Related Rent Concession ³ |

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

² *Effective for annual periods beginning on or after a date to be determined*

³ *Effective for annual periods beginning on or after 1 June 2020*

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 except for certain financial instruments that are measured at fair values at the end of each reporting period. 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 6 August 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 2020 and 2019 are as follows:

| | Three months ended | | Six months ended | |
|---|--------------------|---------------|------------------|---------------|
| | 30 June | | 30 June | |
| | 2020 | 2019 | 2020 | 2019 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Revenue from contracts with customers | | | | |
| Commission from brokerage services | 784 | 1,231 | 1,231 | 1,843 |
| Placing and underwriting commission | 23,746 | 20,437 | 30,400 | 24,643 |
| Corporate finance advisory services fee | 565 | 1,660 | 1,015 | 3,830 |
| Asset management services | | | | |
| – Fund management and performance fee | 318 | 326 | 646 | 641 |
| | 25,413 | 23,654 | 33,292 | 30,957 |
| Revenue from other sources | | | | |
| Interest income from securities and initial public offering financing | 1,456 | 922 | 2,555 | 1,626 |
| Total revenue | 26,869 | 24,576 | 35,847 | 32,583 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers

| | Three months ended 30 June | | Six months ended 30 June | |
|--|--|--|--|--|
| | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) |
| Timing of revenue recognition from contracts with customers | | | | |
| – At a point in time | 24,530 | 21,668 | 31,631 | 26,486 |
| – Over time | 883 | 1,986 | 1,661 | 4,471 |
| | 25,413 | 23,654 | 33,292 | 30,957 |

4. OTHER INCOME

| | Three months ended 30 June | | Six months ended 30 June | |
|--------------------------------|--|--|--|--|
| | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) |
| Interest income from | | | | |
| – banks | 215 | 103 | 519 | 178 |
| – others | 1 | 8 | 2 | 12 |
| Dividend income | 14 | – | 14 | – |
| Administrative services income | 2 | 2 | 4 | 4 |
| Management fee income | 7 | 9 | 15 | 18 |
| Handling fee income | 73 | 124 | 397 | 164 |
| Sundry income | 50 | – | 50 | – |
| | 362 | 246 | 1,001 | 376 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

5. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging:

| | Three months ended 30 June | | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) |
| Auditors' remuneration | 157 | 162 | 315 | 325 |
| Commission expenses | 22,746 | 6,555 | 23,808 | 6,556 |
| Depreciation of property, plant and equipment | 108 | 107 | 217 | 217 |
| Depreciation of right-of-use assets | 703 | 449 | 1,405 | 449 |
| Interest expense on bank overdrafts and borrowings | 408 | 106 | 556 | 117 |
| Interest expense on lease liabilities | 16 | 59 | 37 | 59 |
| Net foreign exchange loss | – | 21 | 27 | – |
| Expense relating to short-term leases not included in the measurement of lease liabilities | – | 195 | – | 773 |
| Employee benefits expense: | | | | |
| Salaries and other benefits | 3,458 | 4,352 | 8,095 | 7,739 |
| Commission to accounts executives | 47 | 342 | 98 | 469 |
| Contributions to retirement benefit scheme | 86 | 93 | 176 | 176 |
| Total employee benefits expense, including directors' emoluments | 3,591 | 4,787 | 8,369 | 8,384 |

6. INCOME TAX CREDIT/(EXPENSE)

| | Three months ended 30 June | | Six months ended 30 June | |
|------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) |
| Hong Kong Profits Tax: | | | | |
| – Current period | 100 | (1,500) | – | (1,700) |

Hong Kong Profits Tax of the qualifying group entity 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 2020 and 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

7. DIVIDENDS

| | Three months ended 30 June | | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) |
| Dividends recognised as distribution during the period | | | | |
| - Interim dividend of HK\$0.005 per ordinary share | 4,000 | 4,000 | 4,000 | 4,000 |

At a board meeting of the Company held on 7 May 2020, the Board declared an interim dividend (“**Q1 Dividend**”) of HK\$0.005 per share for the three months ended 31 March 2020 (three months ended 31 March 2019: HK\$0.005 per share), amounting to HK\$4.0 million (three months ended 31 March 2019: 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 12 June 2020.

At a board meeting of the Company held on 6 August 2020, the Board declared an interim dividend (“**Q2 Dividend**”) of HK\$0.0025 per share for the three months ended 30 June 2020 (three months ended 30 June 2019: HK\$0.005 per share), amounting to HK\$2.0 million (three months ended 30 June 2019: HK\$4.0 million). Such declared Q2 Dividend in the total amount of HK\$2.0 million has not been recognised as a liability as at 30 June 2020.

8. (LOSS)/EARNINGS PER SHARE

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) |
| (Loss)/earnings | | | | |
| (Loss)/profit for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share | (1,490) | 9,110 | (411) | 11,141 |

| | Three months ended 30 June | | Six months ended 30 June | |
|---|-------------------------------|-------------|-----------------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| Number of shares | | | | |
| Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share | 800,000,000 | 800,000,000 | 800,000,000 | 800,000,000 |

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary share in issue during the three months and six months ended 30 June 2020 and 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of approximately HK\$7,000 (six months ended 30 June 2019: approximately HK\$226,000).

10. TRADE RECEIVABLES

| | As at 30 June 2020 HK\$'000 (Unaudited) | As at 31 December 2019 HK\$'000 (Audited) |
|--|---|---|
| Trade receivables arising from the ordinary course of business of: | | |
| Dealing in securities | | |
| Clients – cash | 2,803 | 1,692 |
| Clients – margin | 41,039 | 41,474 |
| Clearing house | 2,915 | 1,705 |
| Broker | 1,211 | – |
| Subscriptions of new shares in initial public offering | 68,465 | – |
| | 116,433 | 44,871 |
| Dealing in futures contracts | | |
| Clearing house | 205 | 87 |
| Corporate finance advisory services | 215 | 300 |
| Asset management services | 214 | 215 |
| | 117,067 | 45,473 |

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.

Margin clients are required to pledge securities collateral to the Group in order to obtain the margin facilities for securities trading. At 30 June 2020, loans to margin clients are secured by clients' securities pledged as collateral with market value of approximately HK\$106.1 million (31 December 2019: approximately HK\$153.0 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 and subscriptions of new shares in initial public offering 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

10. TRADE RECEIVABLES (Continued)

The ageing analysis of the trade receivables arising from cash clients, clearing houses and a broker presented based on the trade date is as follows:

| | As at 30 June 2020 <i>HK\$'000</i> (Unaudited) | As at 31 December 2019 <i>HK\$'000</i> (Audited) |
|-------------|--|--|
| 0 – 30 days | <u>7,134</u> | <u>3,484</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 2020 <i>HK\$'000</i> (Unaudited) | As at 31 December 2019 <i>HK\$'000</i> (Audited) |
|--------------|--|--|
| 0 – 30 days | 172 | 408 |
| 31 – 60 days | 107 | 107 |
| 60 – 90 days | 150 | — |
| Total | <u>429</u> | <u>515</u> |

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | As at 30 June 2020 <i>HK\$'000</i> (Unaudited) | As at 31 December 2019 <i>HK\$'000</i> (Audited) |
|---------------------------------------|--|--|
| Listed equity securities in Hong Kong | <u>2,115</u> | <u>—</u> |

The fair value of listed equity securities are based on quoted market prices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

12. TRADE PAYABLES

| | As at 30 June 2020 <i>HK\$'000</i> (Unaudited) | As at 31 December 2019 <i>HK\$'000</i> (Audited) |
|---|--|--|
| Trade payables arising from the ordinary course of business of: | | |
| Dealing in securities | | |
| Clients – cash | 38,694 | 28,919 |
| Clients – margin | 31,511 | 39,210 |
| Clearing house | 1,821 | 753 |
| | 72,026 | 68,882 |
| Dealing in futures contracts | | |
| Clients | 407 | 773 |
| | 72,433 | 69,655 |

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 ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of business.

At 30 June 2020, the trade payables amounting to approximately HK\$65.6 million (31 December 2019: approximately HK\$66.3 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 2020

13. 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 2020 and 30 June 2020 | <u>2,000,000,000</u> | <u>20,000</u> |
| Issued and fully paid: | | |
| At 1 January 2020 and 30 June 2020 | <u>800,000,000</u> | <u>8,000</u> |

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

During the six months ended 30 June 2020 and 2019, the Group entered into the following significant transactions with its related parties:

| Related party | Nature of transaction | Notes | Six months ended 30 June | |
|---|-----------------------|-------|---------------------------------|---------------------------------|
| | | | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) |
| Mr. Pan | Commission income | (a) | 28 | 46 |
| | Interest income | (b) | 107 | 49 |
| Close family members of Mr. Pan | Commission income | (a) | 19 | 18 |
| | Interest income | (b) | 675 | 383 |
| Shine Clear Investments Limited, a company wholly-owned by a close family member of Mr. Pan | Commission income | (a) | 16 | 9 |
| | Interest income | (b) | 42 | 5 |
| Mr. Kwan Chun Yee, Hidulf ("Mr. Kwan") | Commission income | (a) | 3 | 1 |
| | Interest income | (b) | <u>18</u> | <u>–</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. 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 0.1% to 0.2% (subject to minimum charge of 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 30 June 2020 HK\$'000 (Unaudited) | As at 31 December 2019 HK\$'000 (Audited) |
|---|-------------------|-------|---|---|
| Mr. Pan | Margin account | (a) | 1,383 | (1,762) |
| | Futures account | | (182) | (222) |
| Mr. Kwan | Margin account | (b) | 157 | 207 |
| Close family members of Mr. Pan | Margin account | (c) | 16,272 | 15,877 |
| | Cash account | (e) | (207) | (80) |
| Shine Clear Investments Limited, a company wholly-owned by a close family member of Mr. Pan | Margin account | (d) | 195 | (303) |
| Mr. Fung Tat Hung Ricky, a member of the key management personnel | Margin account | | (1,091) | (136) |
| | Futures account | | (10) | (10) |
| Mr. Mak Yat Tang Anthony, a member of the key management personnel | Margin account | | (46) | (47) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. 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 2020 was approximately HK\$2,737,000.
- (b) The maximum outstanding balance during the six months ended 30 June 2020 was approximately HK\$600,000.
- (c) The maximum outstanding balance during the six months ended 30 June 2020 was approximately HK\$16,845,000.
- (d) The maximum outstanding balance during the six months ended 30 June 2020 was approximately HK\$667,000.
- (e) 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 Group. The remuneration of key management during the six months ended 30 June 2020 and 2019 are as follows:

| | Six months ended 30 June | |
|--|-----------------------------|--------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Salaries and other benefits in kind | 3,042 | 2,974 |
| Contributions to retirement benefit scheme | 36 | 36 |
| | 3,078 | 3,010 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable inputs for the asset or liability.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table presents the Group's financial assets that are measured at fair value at 30 June 2020:

| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
|---|---------------------|---------------------|---------------------|-------------------|
| <i>Financial assets</i> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Listed equity securities | <u>2,115</u> | <u>–</u> | <u>–</u> | <u>2,115</u> |

The fair value of the Group's listed equity securities is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

There were no investments classified under Level 2 and Level 3 and there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 during the six months ended 30 June 2020.

At 31 December 2019, the Group did not have any assets and liabilities that are measured at the above fair value measurement hierarchy.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of the Group's financial assets and financial liabilities as reflected in the unaudited condensed consolidated statement of financial position are not materially different from their fair values.

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 financial results of the Group for the six months ended 30 June 2020 (the “**Current Period**”) were unsatisfactory due to the significant increase in commission expenses and recorded a loss and total comprehensive expense attributable to owners of the Company of approximately HK\$0.4 million as compared to the profit and total comprehensive income attributable to owners of the Company of approximately HK\$11.1 million for the six months ended 30 June 2019 (the “**Corresponding Period**”).

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Period was approximately HK\$35.8 million as compared to the revenue of approximately HK\$32.6 million for the Corresponding Period, representing an increase of approximately 9.8%. Such increase was mainly attributable to the increase in commission income from placing and underwriting services.

Commission from brokerage services decreased from approximately HK\$1.8 million for the Corresponding Period to approximately HK\$1.2 million for the Current Period, representing a decrease of approximately 33.3%.

Revenue derived from placing and underwriting services increased from approximately HK\$24.6 million for the Corresponding Period to approximately HK\$30.4 million for the Current Period, representing an increase of approximately 23.6%. During the Current Period, the Group completed seven placing and underwriting engagements as compared to six placing and underwriting engagements in the Corresponding Period.

Corporate finance advisory services fee decreased significantly from approximately HK\$3.8 million for the Corresponding Period to approximately HK\$1.0 million for the Current Period, representing a decrease of approximately 73.7%. Such decrease was mainly due to the decrease in the average advisory fee of the corporate finance advisory engagements charged by the Group. The number of corporate finance advisory engagements charged by the Group remained stable at seven engagements for the Corresponding Period and the Current Period.

Interest income from securities and IPO financing increased from approximately HK\$1.6 million for the Corresponding Period to approximately HK\$2.6 million for the Current Period, representing an increase of approximately 62.5%. Such increase was attributable to the rebound demand for margin financing service from customers.

Asset management services fee remained stable at approximately HK\$0.6 million for the Corresponding Period and the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Other income

Other income increased from approximately HK\$0.4 million for the Corresponding Period to approximately HK\$1.0 million for the Current Period, representing an increase of approximately 150%. Such increase was mainly due to the increase in interest income from banks and the increase in handling fee income, such as CCASS charges and scrip fees received from customers.

Financial assets at fair value through profit or loss

During the Current Period, the Company has invested a certain portion of the idle cash in high quality industry leaders who are listed in the Hong Kong stock market.

Net realised gain arising from financial assets at fair value through profit or loss amounted to approximately HK\$35,000 during the Current Period (Corresponding Period: Nil). Net unrealised gain arising from financial assets at fair value through profit or loss amounted to approximately HK\$78,000 during the Current Period (Corresponding Period: Nil).

Administrative and other operating expenses

Administrative and other operating expenses increased from approximately HK\$20.0 million for the Corresponding Period to approximately HK\$36.8 million for the Current Period, representing an increase of approximately 84.0%. Such increase was mainly due to significant increase in commission expenses in respect of the placing and underwriting services from approximately HK\$6.6 million for the Corresponding Period to approximately HK\$23.8 million for the Current Period.

Finance costs

Finance costs increased significantly from approximately HK\$176,000 for the Corresponding Period to approximately HK\$593,000 for the Current Period, representing an increase of approximately 236.9%. The finance costs were mainly incurred for the utilisation of IPO loans borrowed from a bank.

(LOSS)/PROFIT FOR THE PERIOD

As a result of the foregoing, loss of approximately HK\$0.4 million for the Current Period was recorded as compared to a profit of approximately HK\$11.1 million for the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In the views of the International Monetary Fund (“**IMF**”), Coronavirus 2019 (the “**COVID-19**”) pandemic has had a more negative impact on economic activities in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. IMF projected the Global growth at –4.9 percent in 2020, 1.9 percentage points below the forecast in April 2020.

The COVID-19 pandemic is still developing across the globe and many economies are struggling in deep recession. Together with other unfavourable factors such as conflicts between major economies, as well as geopolitical tensions, the global market is going to face continuous risks and uncertainties. The sanctions inflicted by the US have inevitably aroused the market’s concerns over their impact on the stock market of Hong Kong. The management of the Group would review and adjust business strategies on a regular basis with a prudent and balanced risk management approach so as to cope with the current unpredictable economic situation.

EMPLOYEE INFORMATION

As at 30 June 2020, the Group had 26 employees (31 December 2019: 26 employees) and 5 account executives (31 December 2019: 3 account executives). Total staff costs (including directors’ remuneration) remained stable at approximately HK\$8.4 million for the Corresponding Period and the Current Period.

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 2020 (31 December 2019: Nil).

Most of the employees are licensed with the Securities and Futures Commission of Hong Kong 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.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

During the Current Period, the Group mainly financed its operations, capital expenditure and other capital requirements by internal resources and occasionally financed its financing services by IPO staging bank loan facility.

As at 30 June 2020,

- (i) the total assets of the Group amounted to approximately HK\$254.8 million (31 December 2019: approximately HK\$264.0 million). Such decrease in total assets was mainly due to the decrease in bank balances and cash of approximately HK\$81.8 million, which was partially offset by the increase in trade receivables of approximately HK\$71.6 million;
- (ii) the total equity attributable to owners of the Company amounted to approximately HK\$179.1 million (31 December 2019: approximately HK\$183.5 million). Such decrease in total equity attributable to owners of the Company was mainly due to the sufferance of the loss and total comprehensive expense for the Current Period in the amount of approximately HK\$0.4 million and the payment of Q1 Dividend of HK\$4.0 million on 12 June 2020;
- (iii) the net current assets of the Group amounted to approximately HK\$173.1 million (31 December 2019: approximately HK\$176.9 million) and the current ratio of the Group, being the ratio of current assets to current liabilities, was approximately 3.3 times (31 December 2019: approximately 3.2 times). The net current assets of the Group as at 30 June 2020 and 31 December 2019 remained relatively stable. As the decreasing rate of the current liabilities (approximately 4.8%) was greater than that of the current assets (approximately 3.0%), the current ratio of the Group increased from approximately 3.2 times as at 31 December 2019 to 3.3 times as at 30 June 2020;
- (iv) the total bank balances and cash of the Group, which were substantially denominated in Hong Kong Dollars, amounted to approximately HK\$127.9 million (31 December 2019: approximately HK\$209.7 million). Such decrease was mainly due to the decrease in bank balances in (a) general accounts of approximately HK\$81.1 million and (b) trust accounts of approximately HK\$0.7 million; and
- (v) the Group did not have any debt (31 December 2019: Nil) and therefore gearing ratio was not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charges of assets as at 30 June 2020 (31 December 2019: 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.

COMMITMENTS

The Group did not have any capital commitments as at 30 June 2020 (31 December 2019: Nil).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2020 (31 December 2019: 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 2020, 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 2020.

Save as disclosed above, as at 30 June 2020, 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 2020, 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:

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 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 2020.

Save as disclosed above, as at 30 June 2020, 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 or 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 2020.

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 announcement, at no time during the Current Period and as at 30 June 2020 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and Chief Executives (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporation.

COMPETING INTERESTS

As at 30 June 2020, 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 2020 on their compliance of the non-competition undertaking under the Deed of Non-competition (“**Pan’s Undertaking**”) for the period from 1 April 2020 to 30 June 2020. 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 2020 to 30 June 2020.

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 13 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.

OTHER INFORMATION

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 2020, 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) 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.

OTHER INFORMATION

AUDIT COMMITTEE (Continued)

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 6 August 2020, the Board declared Q2 Dividend of HK\$0.0025 in cash per share for the three months ended 30 June 2020. The Q2 Dividend will be paid on or about Wednesday, 9 September 2020 to shareholders whose names appear on the register of members of the Company on Friday, 21 August 2020.

The register of members of the Company will be closed from Thursday, 20 August 2020 to Friday, 21 August 2020 (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, 19 August 2020.

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

Hong Kong, 6 August 2020

As at the date of this announcement, the Directors 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 Listed Company Information" page of the website of the Stock Exchange (www.hkexnews.hk) for at least 7 days from the date of its publication and on the website of the Company (www.astrum-capital.com).