
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Astrum Financial Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(I) CONTINUING CONNECTED TRANSACTIONS:
2020 SUPPLEMENTAL FINANCING SERVICES AGREEMENTS
AND REVISION OF ANNUAL CAPS; AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 17 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 18 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 33 of this circular.

A notice convening the EGM to be held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Thursday, 24 September 2020 at 11:00 a.m. is set out on pages 38 to 40 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

This circular 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).

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

To safeguard the health and safety of Shareholders and prevent the spread of the coronavirus (COVID-19) pandemic, the following measures will be implemented at the EGM:

- Each attendee will be required to undergo a mandatory body temperature check. Any person with a body temperature above 37.4 degrees Celsius, or who is exhibiting flu-like symptoms, will be denied entry into the EGM venue.
- Shareholders, proxies and other attendees are required to wear surgical face masks inside the EGM venue at all times, and maintain a safe distance between seats. Any person who does not comply with this requirement will be required to leave the EGM venue.
- No refreshments will be served at the EGM and there will be no corporate gifts.

The Company reminds all Shareholders that any person who is subject to any quarantine order prescribed by the Hong Kong Government will be denied entry into the EGM venue, in order to ensure the health and safety of all attendees at the EGM. Additionally, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights and would like to encourage Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM, instead of

9 September 2020

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“2019 Financing Services Agreements”	collectively, the 2019 Mr. Kwan Financing Services Agreement and the 2019 Mr. Pan Financing Services Agreement
“2019 Mr. Kwan Financing Services Agreement”	the financing services agreement entered into between Astrum Capital and Mr. Kwan dated 7 May 2019, pursuant to which the Group may, upon request, provide IPO Financing Service and/or Margin Financing Service to the Kwan’s Family
“2019 Mr. Pan Financing Services Agreement”	the financing services agreement entered into between Astrum Capital and Mr. Pan dated 7 May 2019, pursuant to which the Group may, upon request, provide IPO Financing Service and/or Margin Financing Service to the Pan’s Family
“2020 Mr. Kwan Supplemental Financing Services Agreement”	the supplemental agreement entered into between Astrum Capital and Mr. Kwan dated 6 August 2020, pursuant to which Astrum Capital and Mr. Kwan agreed to amend certain terms of the 2019 Mr. Kwan Financing Services Agreement (including the Existing Annual Caps)
“2020 Mr. Pan Supplemental Financing Services Agreement”	the supplemental agreement entered into between Astrum Capital and Mr. Pan dated 6 August 2020, pursuant to which Astrum Capital and Mr. Pan agreed to amend certain terms of the 2019 Mr. Pan Financing Services Agreement (including the Existing Annual Caps)
“2020 Supplemental Financing Services Agreements”	collectively, the 2020 Mr. Kwan Supplemental Financing Services Agreement and the 2020 Mr. Pan Supplemental Financing Services Agreement
“Announcement”	the announcement of the Company dated 6 August 2020 in relation to the 2020 Supplemental Financing Services Agreements and the revision of the Existing Annual Caps
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Astrum Capital”	Astrum Capital Management Limited (阿仕特朗資本管理有限公司), a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors

DEFINITIONS

“Company”	Astrum Financial Holdings Limited (阿仕特朗金融控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the issued Shares of which are listed on GEM (stock code: 8333)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Thursday, 24 September 2020 at 11:00 a.m. at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong, for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolutions in respect of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps)
“Existing Annual Caps”	the original annual caps for the continuing connected transactions under the 2019 Financing Services Agreements for the three years ending 31 December 2021
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, namely Mr. Chan Chun Hong, Mr. Lee Tak Cheung Vincent and Mr. Lau Hon Kee, established to make recommendations to the Independent Shareholders in respect of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps)
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps)

DEFINITIONS

“Independent Shareholder(s)”	Shareholder(s) other than Mr. Pan, Mr. Kwan and their respective associates
“Independent Third Party(ies)”	individual(s) or company(ies) who is/are not connected with (as defined under the GEM Listing Rules) any Directors, chief executive or substantial Shareholders of the Company, or any of its subsidiaries or their respective associates
“Interest Annual Cap(s)”	the annual cap(s) of the interest to be received from the provision of IPO Financing Service and Margin Financing Service to each of Mr. Pan, Mr. Kwan and their respective associates under the 2019 Financing Services Agreements
“IPO”	initial public offering
“IPO Annual Cap(s)”	the annual cap(s) of the daily maximum amounts of IPO Financing Service to be advanced to each of Mr. Pan, Mr. Kwan and their respective associates under the 2019 Financing Services Agreements
“IPO Financing Service”	provision of financial accommodation in order to facilitate the acquisition of securities in accordance with the term of a prospectus registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance
“Latest Practicable Date”	3 September 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Margin Annual Cap(s)”	the annual cap(s) of the daily maximum amounts of Margin Financing Service to be advanced to each of Mr. Pan, Mr. Kwan and their respective associates under the 2019 Financing Services Agreements
“Margin Financing Service”	provision of financial accommodation in order to facilitate the acquisition of securities listed on any stock market, and where applicable, the continued holding of those securities
“Mr. Kwan”	Mr. Kwan Chun Yee Hidulf, an executive Director and a director of Astrum Capital
“Mr. Pan”	Mr. Pan Chik, an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the controlling Shareholders and a director of Astrum Capital
“Revised Annual Cap(s)”	collectively, the Revised Interest Annual Cap(s), the Revised IPO Annual Cap(s) and the Revised Margin Annual Cap(s)

DEFINITIONS

“Revised Interest Annual Cap(s)”	the proposed revised annual cap(s) of the interest to be received from the provision of IPO Financing Service and Margin Financing Service to each of Mr. Pan, Mr. Kwan and their respective associates under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements)
“Revised IPO Annual Cap(s)”	the proposed revised annual cap(s) of the daily maximum amounts of IPO Financing Service to be advanced to each of Mr. Pan, Mr. Kwan and their respective associates under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements)
“Revised Margin Annual Cap(s)”	the proposed revised annual cap(s) of the daily maximum amounts of Margin Financing Service to be advanced to each of Mr. Pan, Mr. Kwan and their respective associates under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements)
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“the Kwan’s Family”	collectively referred to as Mr. Kwan and his associates
“the Pan’s Family”	collectively referred to as Mr. Pan and his associates (including his family members and certain private companies controlled by Mr. Pan and his family members but excluding the Group)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

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

Registered office:

Ocorian Trust (Cayman) Limited

PO Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

*Head office and principal place of business
in Hong Kong:*

Room 2704, 27/F

Tower 1, Admiralty Centre

18 Harcourt Road

Hong Kong

9 September 2020

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:
2020 SUPPLEMENTAL FINANCING SERVICES AGREEMENTS
AND
REVISION OF ANNUAL CAPS**

INTRODUCTION

Reference is made to the Announcement in relation to the 2020 Supplemental Financing Services Agreements and the revision of the Existing Annual Caps.

On 7 May 2019, Astrum Capital, an indirect wholly-owned subsidiary of the Company, entered into the 2019 Financing Services Agreements with each of Mr. Pan and Mr. Kwan, pursuant to which the Group may, upon request, provide to each of them (where applicable, including their respective associates) IPO Financing Service and/or Margin Financing Service. The 2019 Mr. Pan Financing Services Agreement is for a term commencing from 20 June 2019 and ending on 31 December 2021 while the 2019 Mr. Kwan Financing Services Agreement is for a term commencing from 7 May 2019 and ending on 31 December 2021.

LETTER FROM THE BOARD

In view of the higher-than-expected demand for IPO Financing Service and the prevailing securities market condition, both Mr. Pan and Mr. Kwan consider that the Existing Annual Caps for the transactions under the 2019 Financing Services Agreements may not be sufficient to meet their demand for IPO Financing Service. Accordingly, on 6 August 2020 (after trading hours), Astrum Capital entered into the 2020 Mr. Pan Supplemental Financing Services Agreement with Mr. Pan and the 2020 Mr. Kwan Supplemental Financing Services Agreement with Mr. Kwan, to revise the Existing Annual Caps and renew the terms of the 2019 Financing Services Agreements to 31 December 2022.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps); (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps); (iii) the letter from Lego to the Independent Board Committee and the Independent Shareholders in relation to the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps); (iv) the general information of the Group; and (v) the notice of the EGM.

THE 2020 SUPPLEMENTAL FINANCING SERVICES AGREEMENTS

On 6 August 2020 (after trading hours), Astrum Capital entered into the 2020 Mr. Pan Supplemental Financing Services Agreement with Mr. Pan and the 2020 Mr. Kwan Supplemental Financing Services Agreement with Mr. Kwan, to revise the Existing Annual Caps and renew the terms of the 2019 Financing Services Agreements to 31 December 2022.

(i) the 2020 Mr. Pan Supplemental Financing Services Agreement

The principal terms of the 2019 Mr. Pan Financing Services Agreement (as supplemented by the 2020 Mr. Pan Supplemental Financing Services Agreement) are summarized as below:

Date: 6 August 2020

Parties: (i) Astrum Capital, an indirect wholly-owned subsidiary of the Company, as the service provider; and

(ii) Mr. Pan, being an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the controlling Shareholders and a director of Astrum Capital, as the service recipient

Term:

The original term under the 2019 Mr. Pan Financing Services Agreement commenced from 20 June 2019 and will end on 31 December 2021 (both days inclusive). In accordance with the 2020 Mr. Pan Supplemental Financing Services Agreement, the term of the 2019 Mr. Pan Financing Services Agreement will be renewed to the three years commencing from 1 January 2020 and ending on 31 December 2022 (both days inclusive).

LETTER FROM THE BOARD

Service Fee:

The amount of interests agreed to be charged by the Group and payable by the Pan's Family in respect of the IPO Financing Service and Margin Financing Service shall be at the interest rate:

- (a) on normal commercial terms or on terms no less favourable to the Group than those offered to other customers of the Group who are Independent Third Parties for comparable services; and
- (b) in accordance with the relevant pricing policy of the Group which may be adjusted from time to time, and the provision of the IPO Financing Service and Margin Financing Service shall be subject to the terms and conditions of the standard client agreement of Astrum Capital which may be revised from time to time.

Revised Annual Caps:

The annual caps for the transactions contemplated under the 2019 Mr. Pan Financing Services Agreement will be revised as follows:

The Existing Annual Caps:

	For the year ended 31 December 2019 HK\$'000	For the year ending 31 December 2020 2021 HK\$'000 HK\$'000	
IPO Annual Cap (<i>Note</i>)	47,000	47,000	47,000
Margin Annual Cap (<i>Note</i>)	20,000	20,000	20,000
Interest Annual Cap	2,000	2,000	2,000

Note: The IPO Annual Cap and the Margin Annual Cap of the Pan's Family represent the total maximum amount of loans to be advanced to the securities trading accounts held by the Pan's Family for IPO Financing Service and Margin Financing Service respectively on a daily basis for each of the three years ending 31 December 2021 respectively.

The Revised Annual Caps:

	For the year ending 31 December 2020 2021 2022 HK\$'000 HK\$'000 HK\$'000		
Revised IPO Annual Cap (<i>Note</i>)	80,000	80,000	80,000
Revised Margin Annual Cap (<i>Note</i>)	20,000	20,000	20,000
Revised Interest Annual Cap	2,300	2,300	2,300

Note: The Revised IPO Annual Cap and the Revised Margin Annual Cap of the Pan's Family represent the total maximum amount of loans to be advanced to the securities trading accounts held by the Pan's Family for IPO Financing Service and Margin Financing Service respectively on a daily basis for each of the three years ending 31 December 2022 respectively.

LETTER FROM THE BOARD

Basis of determination of the Revised Annual Caps

The Revised IPO Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement were determined by the Group and Mr. Pan after taking into account: (i) the historical daily maximum amount of IPO Financing Service advanced to the Pan's Family by the Group; (ii) the number of IPOs available for subscription in June and July 2020; (iii) the minimum subscription amounts applied for the public offer shares in Pool B in each IPO in the Stock Exchange in June and July 2020; and (iv) the prevailing securities market condition of Hong Kong.

The Revised Margin Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement were determined by the Group and Mr. Pan after taking into account: (i) the historical daily maximum amount of Margin Financing Service advanced to the Pan's Family by the Group; and (ii) the prevailing securities market condition of Hong Kong.

The Revised Interest Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement were determined by the Group and Mr. Pan after taking into account: (i) the Revised IPO Annual Caps and the Revised Margin Annual Caps as mentioned above; (ii) the existing interest rates offered by the Group to the Pan's Family in respect of IPO Financing Service and Margin Financing Service; and (iii) the expected number of days of advance for IPO Financing Service and Margin Financing Service, with the assumption that the interest rate will remain relatively stable for the three years ending 31 December 2022.

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after considering the advice from the Independent Financial Adviser) are of the view that the Revised IPO Annual Caps, the Revised Margin Annual Caps and the Revised Interest Annual Caps under the 2019 Mr. Pan Financing Services Agreement (as supplemented by the 2020 Mr. Pan Supplemental Financing Services Agreement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent:

The 2020 Mr. Pan Supplemental Financing Services Agreement shall be conditional upon:

- (i) the passing of the relevant resolution by the Independent Shareholders at the EGM; and
- (ii) the Company having fully complied with all other requirements under the GEM Listing Rules in relation to the 2020 Mr. Pan Supplemental Financing Services Agreement.

As at the Latest Practicable Date, none of the conditions as set out above had been fulfilled.

Save as disclosed above, all other terms and conditions of the 2019 Mr. Pan Financing Services Agreement remain unchanged and effective. Please refer to the circular of the Company dated 4 June 2019 for further details of the 2019 Mr. Pan Financing Services Agreement.

LETTER FROM THE BOARD

(ii) the 2020 Mr. Kwan Supplemental Financing Services Agreement

The principal terms of the 2019 Mr. Kwan Financing Services Agreement (as supplemented by the 2020 Mr. Kwan Supplemental Financing Services Agreement) are summarized as below:

Date: 6 August 2020

Parties:

- (i) Astrum Capital, an indirect wholly-owned subsidiary of the Company, as the service provider; and
- (ii) Mr. Kwan, being an executive Director and a director of Astrum Capital, as the service recipient

Term:

The original term under the 2019 Mr. Kwan Financing Services Agreement commenced from 7 May 2019 and will end on 31 December 2021 (both days inclusive). In accordance with the 2020 Mr. Kwan Supplemental Financing Services Agreement, the term of the 2019 Mr. Kwan Financing Services Agreement will be renewed to the three years commencing from 1 January 2020 and ending on 31 December 2022 (both days inclusive).

Service Fee:

The amount of interests agreed to be charged by the Group and payable by Mr. Kwan in respect of the IPO Financing Service and Margin Financing Service shall be at the interest rate:

- (a) on normal commercial terms or on terms no less favourable to the Group than those offered to other customers of the Group who are Independent Third Parties for comparable services; and
- (b) in accordance with the relevant pricing policy of the Group which may be adjusted from time to time, and the provision of the IPO Financing Service and Margin Financing Service shall be subject to the terms and conditions of the standard client agreement of Astrum Capital which may be revised from time to time.

LETTER FROM THE BOARD

Revised Annual Caps:

The annual caps for the transactions contemplated under the 2019 Mr. Kwan Financing Services Agreement will be revised as follows:

The Existing Annual Caps:

	For the year ended 31 December 2019	For the year ending 31 December	
	<i>HK\$'000</i>	2020	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
IPO Annual Cap <i>(Note)</i>	8,500	8,500	8,500
Margin Annual Cap <i>(Note)</i>	1,300	1,300	1,300
Interest Annual Cap	50	50	50

Note: The IPO Annual Cap and the Margin Annual Cap of Mr. Kwan represent the maximum amount of loans to be advanced to the securities trading accounts held by Mr. Kwan for IPO Financing Service and Margin Financing Service respectively on a daily basis for each of the three years ending 31 December 2021 respectively.

The Revised Annual Caps:

	For the year ending 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revised IPO Annual Cap <i>(Note)</i>	20,000	20,000	20,000
Revised Margin Annual Cap <i>(Note)</i>	1,300	1,300	1,300
Revised Interest Annual Cap	125	125	125

Note: The Revised IPO Annual Cap and the Revised Margin Annual Cap of Mr. Kwan represent the maximum amount of loans to be advanced to the securities trading accounts held by Mr. Kwan for IPO Financing Service and Margin Financing Service respectively on a daily basis for each of the three years ending 31 December 2022 respectively.

LETTER FROM THE BOARD

Basis of determination of the Revised Annual Caps

The Revised IPO Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement were determined by the Group and Mr. Kwan after taking into account: (i) the historical daily maximum amount of IPO Financing Service advanced to Mr. Kwan by the Group; (ii) the number of IPOs available for subscription in June and July 2020; (iii) the minimum subscription amounts applied for the public offer shares in Pool B in each IPO in the Stock Exchange in June and July 2020; and (iv) the prevailing securities market condition of Hong Kong.

The Revised Margin Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement were determined by the Group and Mr. Kwan after taking into account: (i) the historical daily maximum amount of Margin Financing Service advanced to Mr. Kwan by the Group; and (ii) the prevailing securities market condition of Hong Kong.

The Revised Interest Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement were determined by the Group and Mr. Kwan after taking into account: (i) the Revised IPO Annual Caps and the Revised Margin Annual Caps as mentioned above; (ii) the existing interest rates offered by the Group to Mr. Kwan in respect of IPO Financing Service and Margin Financing Service; and (iii) the expected number of days of advance for IPO Financing Service and Margin Financing Service, with the assumption that the interest rate will remain relatively stable in the three years ending 31 December 2022.

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after considering the advice from the Independent Financial Adviser) are of the view that the Revised IPO Annual Caps, the Revised Margin Annual Caps and the Revised Interest Annual Caps under the 2019 Mr. Kwan Financing Services Agreement (as supplemented by the 2020 Mr. Kwan Supplemental Financing Services Agreement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent:

The 2020 Mr. Kwan Supplemental Financing Services Agreement shall be conditional upon:

- (i) the passing of the relevant resolution by the Independent Shareholders at the EGM; and
- (ii) the Company having fully complied with all other requirements under the GEM Listing Rules in relation to the 2020 Mr. Kwan Supplemental Financing Services Agreement.

As at the Latest Practicable Date, none of the conditions as set out above had been fulfilled.

Save as disclosed above, all other terms and conditions of the 2019 Mr. Kwan Financing Services Agreement remain unchanged and effective. Please refer to the announcement of the Company dated 7 May 2019 for further details of the 2019 Mr. Kwan Financing Services Agreement.

LETTER FROM THE BOARD

Historical figures

The daily maximum amounts of IPO Financing Service and Margin Financing Service advanced by the Group to the Pan's Family and Mr. Kwan and the amounts of interest income received by the Group for the two years ended 31 December 2019 and for the seven months ended 31 July 2020 are set out below:

		For the year ended 31 December		For the seven months ended
		2018	2019	31 July 2020
		<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
		<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
The Pan's Family	Daily maximum amounts of IPO financing <i>(Note)</i>	39,676	39,848	42,567
	Daily maximum amounts of margin financing <i>(Note)</i>	9,983	18,240	19,688
	Total interest income received	785	1,181	966
Mr. Kwan	Daily maximum amounts of IPO financing <i>(Note)</i>	2,273	3,368	8,463
	Daily maximum amounts of margin financing <i>(Note)</i>	512	388	593
	Total interest income received	7	8	22

Note: The daily maximum amounts of IPO financing and margin financing of the Pan's Family and Mr. Kwan represent the total maximum amount of loans advanced to the securities trading accounts held by the Pan's Family and Mr. Kwan for IPO Financing Service and Margin Financing Service respectively on a daily basis for each of the two years ended 31 December 2019 and for the seven months ended 31 July 2020 respectively.

Despite of the higher-than-expected demand for IPO Financing Service, the Company expects that the transaction amounts up to the date of the EGM will not exceed the Existing Annual Caps for the year ending 31 December 2020. The Company will also continue to adopt the internal control and risk management control measures as mentioned below to ensure that the transaction amounts of the IPO financing and margin financing will not exceed the Existing Annual Caps up to the date of the EGM and the Revised Annual Caps to be approved by the Independent Shareholders at the EGM for the three years ending 31 December 2022.

LETTER FROM THE BOARD

STANDARD MARGIN CLIENT AGREEMENT

The principal terms of the standard margin client agreement are summarized below:

Operation and margin term of account

The account holder shall at all times maintain sufficient deposits, securities collateral and margin (including without limitation initial margin and additional margin from time to time required) in the account as collateral for payments, liabilities and indebtedness that may from time to time be due or owned to Astrum Capital, in such form, amount and market value to comply with the margin requirement in respect thereof as determined by Astrum Capital in its absolute discretion or which may be required by the rules of any exchange or market of which Astrum Capital is a member or through which Astrum Capital is trading.

Astrum Capital shall be entitled to revise margin requirements from time to time in its absolute discretion, including without limitation additional margin exceeding the requirements of the relevant exchange.

Payment term

The account holder shall on demand (whether verbally or in writing) from Astrum Capital promptly make payments of deposits or margins in cash, securities or otherwise, and in any event, within the time specified (whether verbally or in writing).

Default in payment

If the account holder commits a default in payment on demand of the deposits or margins or any other sums payable on the due date, or otherwise fails to comply with any of the terms, without prejudice to any other rights of Astrum Capital, it shall have the right to close all or any of the account(s) without notice to the account holder and to dispose of any or all securities held for or on behalf of the account holder and to apply the proceeds thereof and any cash deposit(s) to pay all outstanding balances owing to Astrum Capital. Any monies remaining after such application shall be refunded to the account holder.

Given that the principal terms of the standard margin client agreement are applicable across all margin clients of Astrum Capital (including the Pan's Family and Mr. Kwan), the Directors consider that the terms of margin client agreement applicable to the Pan's Family and Mr. Kwan are no less favourable to the Group than those applicable to other customers of the Group who are Independent Third Parties.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE 2020 SUPPLEMENTAL FINANCING SERVICES AGREEMENTS AND REVISION OF THE EXISTING ANNUAL CAPS

The Group is principally engaged in the provision of brokerage services, placing and underwriting services, corporate finance advisory services, financing services including securities and IPO financing, and asset management services.

In view of (i) the higher-than-expected demand for IPO Financing Service and the prevailing IPO market sentiment; and (ii) over twenty IPOs available for subscription during the period from late June to early July 2020, both Mr. Pan and Mr. Kwan consider that the Existing Annual Caps for the continuing connected transactions under the 2019 Financing Services Agreements may not be sufficient to meet their demand for IPO Financing Service. The Directors consider that (i) it is the ordinary and normal course of business of the Group to provide IPO Financing Service; (ii) it is the Group's policy to encourage its staff (including the Directors) to deal in securities through their securities trading accounts maintained with the Group, so as to facilitate the management of the Group to closely monitor staff dealings on a daily basis; (iii) in the absence of sufficient financing flexibility as bound by the Existing Annual Caps, Mr. Pan, Mr. Kwan and their respective associates may deal in securities in other external stockbrokers; and (iv) the revision of the Existing Annual Caps could provide flexibility to the Pan's Family and the Kwan's Family for any potential increment of financing needs for their IPO investments.

In view of the above, the Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps) are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

The Company has adopted and will continue to adopt the following internal control and risk management control measures in respect of the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements):

- (i) when any member of the Pan's Family and the Kwan's Family opens a margin account in Astrum Capital, the account executive will propose an interest rate for margin financing service which should be comparable to the interest rate offered to other customers of the Group who are Independent Third Parties. The operation department will check whether the proposed interest rate for Margin Financing Service to such member is no less favourable to the Group than the interest rates offered to other customers of the Group who are Independent Third Parties and in accordance with the pricing policy of the Group from time to time;
- (ii) in respect of each IPO financing, the interest rate charged by the Group on the securities trading accounts of the Pan's Family and the Kwan's Family will be the same as other customers of the Group who are Independent Third Parties for the same IPO application;

LETTER FROM THE BOARD

- (iii) the dealing department is responsible for the close monitoring of the trading transactions of the Pan's Family's and the Kwan's Family securities trading accounts from time to time so as to ensure the amount of the IPO financing and margin financing will not exceed the Revised IPO Annual Caps and the Revised Margin Annual Caps respectively. After trading hours of the Stock Exchange on each trading day, the operation department will review the amount of IPO financing and margin financing of securities trading accounts held by the Pan's Family and the Kwan's Family;
- (iv) the independent non-executive Directors will perform an annual review pursuant to Rule 20.53 of the GEM Listing Rules on whether the transactions contemplated under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (v) pursuant to Rule 20.54 of the GEM Listing Rules, the auditor of the Company will confirm, amongst other thing, (a) whether the transactions contemplated under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) have been approved by the Board; (b) whether the transactions contemplated under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) are in accordance with the pricing policies of the Group; (c) whether the transactions have been entered into in accordance with the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements); and (d) whether the Revised Annual Caps have been exceeded.

The Board is of the view that the above measures can ensure that the transactions contemplated under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

Mr. Pan is an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the controlling Shareholders and a director of Astrum Capital, while Mr. Kwan is an executive Director and a director of Astrum Capital. Therefore, both Mr. Pan and Mr. Kwan are connected persons of the Company under Rule 20.07 of the GEM Listing Rules. Accordingly, the entering into of the 2020 Supplemental Financing Services Agreements constitutes continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the aggregate amount of the Revised Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement exceed 25% and the aggregate amount of the Revised Annual Caps is more than HK\$10 million, the 2020 Mr. Pan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the GEM Listing Rules.

LETTER FROM THE BOARD

As more than one of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the aggregate amount of the Revised Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement exceed 25% and the aggregate amount of the Revised Annual Caps is more than HK\$10 million, the 2020 Mr. Kwan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the GEM Listing Rules.

GENERAL

In view of their respective interest in the 2020 Supplemental Financing Services Agreements, Mr. Pan has abstained from voting in respect of the relevant board resolution regarding the 2020 Mr. Pan Supplemental Financing Services Agreement, and Mr. Kwan has abstained from voting in respect of the relevant board resolution regarding the 2020 Mr. Kwan Supplemental Financing Services Agreement.

The EGM will be held for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolutions in respect of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps).

By virtue of Mr. Pan's interest in the 2020 Mr. Pan Supplemental Financing Services Agreement, Mr. Pan and his associates are required to abstain from voting on the resolution in relation to the 2020 Mr. Pan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) to be proposed at the EGM. As at the Latest Practicable Date, Mr. Pan, through his wholly-owned company namely, Autumn Ocean Limited, held 532,685,000 Shares, representing approximately 66.59% of the entire issued share capital of the Company. To the best of the Directors' knowledge and information, no Shareholders other than Mr. Pan and his associates have a material interest in the 2020 Mr. Pan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) and no other Shareholders shall have to abstain from voting on the ordinary resolution in relation to the 2020 Mr. Pan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) to be proposed at the EGM.

By virtue of Mr. Kwan's interest in the 2020 Mr. Kwan Supplemental Financing Services Agreement, Mr. Kwan and his associates are required to abstain from voting on the resolution in relation to the 2020 Mr. Kwan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) to be proposed at the EGM. As at the Latest Practicable Date, Mr. Kwan and his associates were not interested or deemed to be interested in any shares or underlying shares of the Company. To the best of the Directors' knowledge and information, no Shareholders other than Mr. Kwan and his associates have a material interest in the 2020 Mr. Kwan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) and no other Shareholders shall have to abstain from voting on the ordinary resolution in relation to the 2020 Mr. Kwan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) to be proposed at the EGM.

LETTER FROM THE BOARD

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chan Chun Hong, Mr. Lee Tak Cheung Vincent and Mr. Lau Hon Kee, has been established to make recommendations to the Independent Shareholders in respect of the terms of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps). The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

The notice convening the EGM to be held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Thursday, 24 September 2020 at 11:00 a.m. is set out on pages 38 to 40 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 18 of this circular which contains its recommendation to the Independent Shareholders in relation to the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps), and the letter from Lego set out on pages 19 to 33 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Board (including the independent non-executive Directors whose recommendation is set out in the Letter from the Independent Board Committee) considers that the transactions contemplated under the 2020 Supplemental Financing Services Agreements are in the ordinary and usual course of business of the Group, the 2020 Supplemental Financing Services Agreements have been entered into on normal commercial terms, the terms thereof are fair and reasonable, and the entering into of the 2020 Supplemental Financing Services Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps).

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

9 September 2020

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:
2020 SUPPLEMENTAL FINANCING SERVICES AGREEMENTS
AND
REVISION OF ANNUAL CAPS**

We have been appointed to form an Independent Board Committee to consider and advise you on the terms of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps), details of which are set out in the circular issued by the Company to the Shareholders dated 9 September 2020 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 5 to 17 and pages 19 to 33 of the Circular, respectively, and the additional information set out in the appendix to the Circular.

Having taken into account the advice and recommendations of the Independent Financial Adviser and reasons taken into consideration by them in arriving at their opinion, we consider that the entering into of the 2020 Supplemental Financing Services Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Independent Shareholders as a whole. We also consider that the terms of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps).

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Chan Chun Hong
*Independent non-executive
Director*

Mr. Lee Tak Cheung Vincent
*Independent non-executive
Director*

Mr. Lau Hon Kee
*Independent non-executive
Director*

LETTER FROM LEGO

The following is the full text of the letter of advice from Lego, the Independent Financial Adviser to the independent Board Committee and the Independent Shareholders in respect of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps), which has been prepared for the purpose of inclusion in this circular.



9 September 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS:
2020 SUPPLEMENTAL FINANCING SERVICES AGREEMENTS
AND
REVISION OF ANNUAL CAPS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2020 Supplemental Financing Services Agreements, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 9 September 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Circular, unless the context otherwise requires.

On 6 August 2020 (after trading hours), Astrum Capital entered into the 2020 Mr. Pan Supplemental Financing Services Agreement with Mr. Pan and the 2020 Mr. Kwan Supplemental Financing Services Agreement with Mr. Kwan to revise the Existing Annual Caps and renew the terms of the 2019 Financing Services Agreements to 31 December 2022.

Mr. Pan is an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the controlling Shareholders and a director of Astrum Capital, while Mr. Kwan is an executive Director and a director of Astrum Capital. Therefore, both Mr. Pan and Mr. Kwan are connected persons of the Company under Rule 20.07 of the GEM Listing Rules. Accordingly, the entering into of the 2020 Supplemental Financing Services Agreements constitutes continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the aggregate amount of the proposed revised annual caps under the 2020 Mr. Pan Supplemental Financing Services Agreement (the “**Mr. Pan Annual Caps**”) exceed 25% and the aggregate amount of the Mr. Pan Annual Caps is more than HK\$10 million, the 2020 Mr. Pan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Mr. Pan Annual Caps) are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under the GEM Listing Rules.

LETTER FROM LEGO

As more than one of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the aggregate amount of the proposed revised annual caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement (the “**Mr. Kwan Annual Caps**”) exceed 25% and the aggregate amount of the Mr. Kwan Annual Caps is more than HK\$10 million, the 2020 Mr. Kwan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Mr. Kwan Annual Caps) are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under the GEM Listing Rules.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolutions in respect of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps). By virtue of Mr. Pan’s interest in the 2020 Mr. Pan Supplemental Financing Services Agreement and Mr. Kwan’s interest in the 2020 Mr. Kwan Supplemental Financing Services Agreement, Mr. Pan and its associates are required to abstain from voting on the relevant resolution in relation to the 2020 Mr. Pan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Mr. Pan Annual Caps), while Mr. Kwan and its associates are required to abstain from voting on the relevant resolution in relation to the 2020 Mr. Kwan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Mr. Kwan Annual Caps) to be proposed at the EGM. As at the Latest Practicable Date, Mr. Pan, through his wholly-owned company namely, Autumn Ocean Limited, held 532,685,000 Shares, representing approximately 66.59% of the entire issued share capital of the Company, while Mr. Kwan and his associates were not interested or deemed to be interested in any Shares or underlying Shares. To the best of the Directors’ knowledge and information, no Shareholders other than Mr. Pan and his associates have a material interest in the 2020 Mr. Pan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Mr. Pan Annual Caps) and no Shareholders other than Mr. Kwan and his associates have a material interest in the 2020 Mr. Kwan Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Mr. Kwan Annual Caps). Accordingly, no Shareholders (other than Mr. Pan and his associates) shall have to abstain from voting on the ordinary resolution in relation to the Mr. Pan 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Mr. Pan Annual Caps) and no Shareholders (other than Mr. Kwan and his associates) shall have to abstain from voting on the ordinary resolution in relation to the Mr. Kwan 2020 Supplemental Financing Services Agreement and the transactions contemplated thereunder (including the Mr. Kwan Annual Caps) to be proposed at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chan Chun Hong, Mr. Lee Tak Cheung Vincent and Mr. Lau Hon Kee, has been established to make recommendations to the Independent Shareholders in respect of the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps).

We, Lego Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser in accordance with the requirements of the GEM Listing Rules to advise the Independent Board Committee and the Independent Shareholders in relation to the 2020 Supplemental Financial Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps), and to make a recommendation as to (i) whether the entering into of the 2020 Supplemental Financing Services Agreements is in the ordinary and usual course of business of the Group; (ii) whether the terms of the 2020 Supplemental Financing Services Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how to vote with respect to the relevant resolution(s) at the EGM.

LETTER FROM LEGO

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, Lego Corporate Finance Limited has acted as the independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to a continuing connected transaction, details of which are set out in the circular of the Company dated 4 June 2019 (the “**2019 Circular**”). Apart from normal professional fees paid or payable to us in connection with the aforesaid appointment and our appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group. Accordingly, we are independent under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser and to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on (i) the information contained or referred to in the Circular; (ii) the information provided by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the EGM and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and/or the Management are true, accurate, complete and not misleading in all material respects at the time they were made and continue to be so until the date of the EGM. The Company shall inform the Independent Shareholders as soon as possible if there is any material change to such information in accordance with the GEM Listing Rules on or before the date of the EGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries or associates.

LETTER FROM LEGO

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations, we have taken into account the following principal factors and reasons:

1. Reasons for and benefits of the entering into of the 2020 Supplemental Financing Services Agreements and the revision of Existing Annual Caps

According to the Letter from the Board, it is the Group's policy to encourage its staff (including the Directors) to deal in securities through their securities trading accounts maintained with the Group so as to facilitate the Management to closely monitor staff dealings on a daily basis. Against this backdrop, majority members of the Pan's Family and Mr. Kwan have been dealing in securities through their securities trading accounts maintained with the Group for more than 10 and six years, respectively. According to their respective investment decisions, they may utilise the IPO Financing Service and the Margin Financing Service (collectively, the "Services") to facilitate their acquisitions of securities from time to time.

Further, it is noted that under each of the 2019 Financing Services Agreements, the historical daily maximum amounts of IPO Financing Service and Margin Financing Service advanced by the Group for such services for the seven months ended 31 July 2020 had increased as compared to those for the year ended 31 December 2019. Particularly, the existing IPO Annual Caps granted under the 2019 Mr. Pan Financing Services Agreement and the 2019 Mr. Kwan Financing Services Agreement have been highly utilised as to approximately 90.57% and 99.56%, respectively, for the seven months ended 31 July 2020. In view of the above and the prevailing IPO market sentiment in Hong Kong, under which 30 IPOs were available for subscription during the period from June to July 2020, it is expected that the Existing Annual Caps may not be sufficient to meet the respective demands for IPO Financing Service of the Pan's Family and the Kwan's Family.

Having considered that (i) it is the Group's policy to encourage its employees to trade through their securities accounts maintained with the Group to facilitate close monitoring of their securities dealing; (ii) both the Pan's Family and the Kwan's Family have been dealing in securities through their securities accounts maintained with the Group for years; (iii) the provision of the Services under the 2020 Supplemental Financing Services Agreements are in the ordinary and usual course of business of the Group, and the interest income arising from the Services provided under the 2019 Financing Services Agreements accounted for approximately 1.59% and approximately 2.62% of the Group's total revenues for each of the two years ended 31 December 2019, respectively; and (iv) the revision of the Existing Annual Caps would provide greater financing flexibility to the Pan's Family and the Kwan's Family for any potential growth of financing needs for IPO investments and accordingly allow the Group to earn more interest income, we are of the view that the entering into of the 2020 Supplemental Financing Services Agreements is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the 2020 Supplemental Financing Services Agreements

Pursuant to the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements), Astrum Capital shall provide the Services to the Pan's Family and the Kwan's Family from time to time on a non-exclusive basis for the renewed term of the three years commencing from 1 January 2020 and ending on 31 December 2022 (both days inclusive). With reference to the 2019 Circular, the amount of interests agreed to be charged by the Group and payable by the Pan's Family and the Kwan's Family in respect of the Services shall be at the interest rate (i) on normal commercial terms or on terms no less favourable to the Group than those offered to other customers of the Group who are Independent Third Parties for comparable services; and (ii) in accordance with the relevant pricing policy of Astrum Capital which may be adjusted from time to time, and the provision of the Services shall be subject to the terms and conditions of the standard client agreement of Astrum Capital from time to time.

In assessing the fairness and reasonableness of the interest rates charged by the Group to the Pan's Family and the Kwan's Family in respect of IPO Financing Service, we have reviewed the interest rates charged by the Group to each of (i) the Pan's Family, (ii) the Kwan's Family and (iii) other customers of the Group who are Independent Third Parties for all IPO Financing Service provided during the two years ended 31 December 2019 and the seven months ended 31 July 2020. We noted that Astrum Capital has respectively offered IPO Financing Service to the Pan's Family and the Kwan's Family for 45 IPOs and three IPOs in 2018, 36 IPOs and three IPOs in 2019 and 18 IPOs and six IPOs for the seven months ended 31 July 2020. Based on our review, the interest rates offered to the Pan's Family and the Kwan's Family were equivalent to those offered to Independent Third Parties under the same IPOs during our period of review.

In assessing the fairness and reasonableness of the interest rates charged by the Group to the Pan's Family and the Kwan's Family in respect of Margin Financing Service, we have reviewed the interest rates charged by the Group for Margin Financing Service provided to all of its customers who maintained their margin accounts with the Group as at 31 July 2020 (the "**Margin List**"), being (i) the Pan's Family; (ii) the Kwan's Family (iii) individuals who are staff of the Group; and (iv) other customers of the Group who are Independent Third Parties (the "**Independent Customers**"). As per discussion with the Management, the Group generally determines the interest rate for Margin Financing Service with reference to the prevailing Hong Kong Dollar Best Lending rate quoted by Hongkong and Shanghai Banking Corporation ("**Based Rate**"), while, on a case-by-case basis, the Group may charge a lower interest rate for its staff and selective clients and a higher interest rate for certain customers based on their account status and/or investment portfolios. Based on our review, the interest rate charged to the Pan's Family and the Kwan's Family for margin financing equals to the Based Rate plus 3% per annum ("**Standard Interest Rate**"), which also applied to over 82.9% of the total number of customers on the Margin List.

LETTER FROM LEGO

Based on the Margin List, we noted that there were a total of 10 Independent Customers being charged at a rate higher than the Standard Interest Rate (“**Excluded Customers**”). According to the Management, the Group determined the interest rate charged to the Excluded Customers according to their individual circumstances and based on the commercial negotiations between the Group and each of the Excluded Customers upon account opening. We have discussed with the Management on each of the Excluded Customers and reviewed their monthly statements for the years ended 31 December 2018 and 2019 and the seven months ended 31 July 2020. By having a relatively inactive level of margin financing utilisation and/or a relatively lower-quality equity portfolio in the securities accounts in terms of the proportion of blue-chips securities, the account status and/or investment portfolios of the Excluded Customers are considered to be not comparable to those of the Pan’s Family and the Kwan’s Family, and we are of the view that it is reasonable for the Group to charge the Excluded Customers a rate higher than the Standard Interest Rate.

On the other hand, we noted from the Margin List that the interest rates charged by the Group to the Pan’s Family and the Kwan’s Family for margin financing were no less favourable than those charged to all Independent Customers (excluding the Excluded Customers). In this regard, we have also randomly selected a sample of 16 Independent Customers (the “**Sample Customers**”) based on the Margin List and compared their monthly statements with those of the Pan’s Family and the Kwan’s Family for the months of December 2018, 2019 and July 2020, respectively. Considering that the Sample Customers account for over 10% of the total population of the Independent Customers, we consider such sample size is fair and representative. Based on our review, the interest rates charged to the Pan’s Family and the Kwan’s Family, being the Standard Interest Rate, were no less favourable to the Group than those offered to the Sample Customers at each relevant period.

In addition, we have reviewed the latest margin securities account agreement of Astrum Capital (“**Client Agreement**”), being a standard margin client agreement (as amended from time to time in accordance with the relevant rules and regulations) entered between the margin clients and Astrum Capital. We noted that the operation and margin term of account, payment term and default in payment as set out in the Client Agreement are the same as those set out in the then standard margin client agreement as at the time of entering into the 2019 Financing Services Agreement, details of which are set out in the Letter from the Board. We were also advised by the Company that all margin clients who maintained their accounts with Astrum Capital, including the Sample Customers, are subject to the same set of terms and conditions as set out in the Client Agreement. Therefore, we consider that the terms of the 2020 Supplemental Financing Services Agreements, under which the provision of the Services by the Company to the Pan’s Family and the Kwan’s Family shall also be subject to the same set of terms and conditions as that of the Client Agreement from time to time, are no less favourable to the Group than those offered to other customers of the Group which are Independent Third Parties.

Based on the above and taking into consideration that the interest rates charged to the Pan’s Family and the Kwan’s Family in respect of the Services during the review period are (i) no less favourable to the Group than those charged to other customers whom are Independent Third Parties with similar nature of investment portfolios or account status; and (ii) consistent with the pricing policy of the Group, we are of the view that the terms of the 2020 Supplemental Financing Services Agreements are fair and reasonable.

LETTER FROM LEGO

3. Revised Annual Caps under the 2020 Supplemental Financing Services Agreements

Table 2 below sets out (i) the historical daily maximum amounts of the Services advanced by the Group to the Pan's Family and the Kwan's Family and the historical amounts of interest income received from the provision of the Services to the Pan's Family and the Kwan's Family for each of the two years ended 31 December 2019 and the seven months ended 31 July 2020; and (ii) the Mr. Pan Annual Caps and the Mr. Kwan Annual Caps for the three years ending 31 December 2022.

Table 2: Historical daily maximum amounts of the Services and amounts of interest income received, the Existing Annual Caps and the Revised Annual Caps

		For the year ended 31 December		For the seven months ended 31 July
		2018	2019	2020
		<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
		<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
The Pan's Family	Daily maximum amounts of IPO financing <i>(Note)</i>	39,676	39,848	42,567
	Daily maximum amounts of margin financing <i>(Note)</i>	9,983	18,240	19,688
	Total interest income received	785	1,181	966
Mr. Kwan	Daily maximum amounts of IPO financing <i>(Note)</i>	2,273	3,368	8,463
	Daily maximum amounts of margin financing <i>(Note)</i>	512	388	593
	Total interest income received	7	8	22

Note: The daily maximum amounts of IPO financing and margin financing of the Pan's Family and the Kwan's Family represent the total maximum amount of loans advanced to the securities trading accounts held by the Pan's Family and the Kwan's Family for the Services respectively on a daily basis for each of the two years ended 31 December 2019 and for the seven months ended 31 July 2020 respectively.

		For the year ending 31 December		
		2019	2020	2021
		<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
IPO Annual Caps	The Pan's Family	47,000	47,000	47,000
	Mr. Kwan	8,500	8,500	8,500
Margin Annual Caps	The Pan's Family	20,000	20,000	20,000
	Mr. Kwan	1,300	1,300	1,300
Interest Annual Caps	The Pan's Family	2,000	2,000	2,000
	Mr. Kwan	50	50	50

LETTER FROM LEGO

		For the year ending 31 December		
		2020	2021	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revised IPO Annual Caps	The Pan's Family	80,000	80,000	80,000
	Mr. Kwan	20,000	20,000	20,000
Revised Margin Annual Caps	The Pan's Family	20,000	20,000	20,000
	Mr. Kwan	1,300	1,300	1,300
Revised Interest Annual Caps	The Pan's Family	2,300	2,300	2,300
	Mr. Kwan	125	125	125

3a. Mr. Pan Annual Caps

Revised IPO Annual Caps

As disclosed in the Letter from the Board, the Revised IPO Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement were determined by the Group and Mr. Pan after taking into account (i) the historical daily maximum amount of IPO Financing Service advanced to the Pan's Family by the Group; (ii) the number of IPOs available for subscription in June and July 2020; (iii) the minimum subscription amounts applied for the public offer shares in Pool B in each IPO on the Stock Exchange in June and July 2020; and (iv) the prevailing securities market condition of Hong Kong.

It is noted that the demand of the Pan's Family for IPO Financing Service has been generally increasing in recent years. With reference to Table 2, the daily maximum amount of IPO financing amounted to approximately HK\$39.68 million, approximately HK\$39.85 million and approximately HK\$42.57 million during each of the two years ended 31 December 2019 and the seven months ended 31 July 2020, respectively, representing approximately 84.42%, approximately 84.78% and approximately 90.57% of the respective corresponding existing IPO Annual Cap of HK\$47 million for each of the three years ending 31 December 2021. On the other hand, we noted that there were 30 IPOs available for subscription on the Stock Exchange in June and July 2020, of which a daily maximum of 18 IPOs were available for subscription in July 2020 which demonstrated a significant increase of 200% as compared to that in June 2020. After considering the factors of (i) the historical maximum daily utilisation rate of the existing IPO Annual Cap in each of 2018, 2019 and the seven months ended 31 July 2020; (ii) the growth in daily maximum number of IPOs available for subscription throughout June and July 2020; and (iii) that the Group may provide IPO Financing Service to more than one member of the Pan's Family on a single day in the event that members of the Pan's Family subscribe for the same IPO, we consider that the existing IPO Annual Caps may not be sufficient to meet the demand of the Pan's Family for IPO Financing Service, and the Revised IPO Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement are fair and reasonable.

LETTER FROM LEGO

Revised Margin Annual Caps

As disclosed in the Letter from the Board, the Revised Margin Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement were determined by the Group and Mr. Pan after taking into account: (i) the historical daily maximum amount of Margin Financing Service advanced to the Pan's Family by the Group; and (ii) the prevailing securities market condition of Hong Kong.

With reference to Table 2, the daily maximum amount of margin financing amounted to approximately HK\$9.98 million, approximately HK\$18.24 million and approximately HK\$19.69 million during each of the two years ended 31 December 2019 and the seven months ended 31 July 2020, respectively, representing approximately 49.90%, approximately 91.20% and approximately 98.45% of the respective corresponding existing Margin Annual Cap of HK\$20 million for each of the three years ending 31 December 2021. As discussed with the Management, it is the plan of the Pan's Family to focus on the IPO market and to maintain the current level of securities trading with margin financing from the Group during the three years ending 31 December 2022.

Taking into consideration that approximately 98.45% of the existing Margin Annual Cap for the year ending 31 December 2020 had been utilised, and it is the plan of the Pan's Family to maintain the current level of securities trading with margin financing from the Group in the coming years, we consider that the Revised Margin Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement, which are the same as the existing Margin Annual Caps, are fair and reasonable.

Revised Interest Annual Caps

As disclosed in the Letter from the Board, the Revised Interest Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement were determined by the Group and Mr. Pan after taking into account: (i) the Revised IPO Annual Caps and the Revised Margin Annual Caps as mentioned above; (ii) the existing interest rates offered by the Group to the Pan's Family in respect of the Services; and (iii) the expected average number of days of advance for the Services, with the assumption that the interest rate will remain relatively stable for the three years ending 31 December 2022.

Based on Table 2, we noted that the historical annual interest income received by the Group from the provision of the Services under the 2019 Mr. Pan Financing Services Agreement increased by approximately 50.45% from approximately HK\$0.79 million in 2018 to approximately HK\$1.18 million in 2019, leading to an increase in the utilisation rate of the corresponding existing Interest Annual Caps from approximately 39.25% to approximately 59.05%. Further, we have reviewed the monthly interest income received by the Group from the Pan's Family for the seven months ended 31 July 2020 and based on the annualized amount computed therefrom, the existing Interest Annual Cap for the year ending 31 December 2020 shall be utilised by approximately 82.80%. Given the proposed increase in the existing IPO Annual Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement, the total interest amount to be generated to the Group shall also be increased accordingly.

LETTER FROM LEGO

We understand that the total annual interest income expected to be received by the Group from the Pan's Family is equivalent to the aggregate of the estimated IPO financing interest and the estimated margin financing interest, which will be determined by (i) the estimated interest rate offered to the Pan's Family in respect of the Services; (ii) the respective estimated amounts of IPO financing and margin financing provided to the Pan's Family during the year; and (iii) the estimated number of days of advance for the Services. In this regard, we have obtained and reviewed the breakdown of the expected total annual interest income to be received by the Group for the coming years.

In arriving at the estimated IPO financing interest, it is assumed that a maximum of 85% of the Revised IPO Annual Cap will be utilised and the IPO financing will be utilised by the Pan's Family for 40% of the total number of days in a year. In this regard, we have reviewed the historical utilisation rates of IPO financing provided by the Group to the Pan's Family and the number of days of such IPO financing advanced to the Pan's Family with reference to the daily breakdown of IPO financing provided by the Group to each member of the Pan's Family in 2019 and for the seven months ended 31 July 2020, and noted that such assumptions are generally in line with the historical IPO financing provided by the Group to the Pan's Family. The average IPO interest rate is assumed at 2.3%. We have therefore reviewed the IPO financing offered by the Group to all of its customers in 2018, 2019 and for the seven months ended 31 July 2020 and noted that the expected IPO interest rate of 2.3% falls within the range of IPO interest rate from 1.5% to 3.25% offered by the Group in recent years/period, which we consider is fair and reasonable. Furthermore, in view of the narrow range of IPO interest rates over the previous years/period, we consider that it is reasonable to assume the interest rate will remain relatively stable in the coming years, and therefore the determination of the IPO interest rate of 2.3% over the three years ending 31 December 2022 is fair and reasonable.

In arriving at the estimated margin financing interest, it is assumed that the Revised Margin Annual Cap will be at maximum fully utilised and the margin financing will be utilised by the Pan's Family for the whole year. In this regard, we have reviewed the historical utilisation rates of margin financing provided by the Group to the Pan's Family and number of days of such margin financing advanced to the Pan's Family with reference to the daily breakdown of margin financing provided by the Group to each member of the Pan's Family in 2019 and for the seven months ended 31 July 2020, and noted that such assumptions are generally in line with the historical margin financing provided by the Group to the Pan's Family. On the other hand, we noted that the estimated margin interest rate adopted is based on the existing interest rate charged to the Pan's Family for margin financing, which we consider fair and reasonable based on our analysis as set out in the above section headed "3. Principal terms of the 2020 Supplemental Financing Services Agreements". In addition, given that the margin interest rate charged by the Group is determined based on the Based Rate which is floating with the market, we have inquired the Management as to any movement of margin interest rate in the past and the extent thereof. We were advised that during the two years ended 31 December 2019 and the seven months ended 31 July 2020, such margin interest rate has only been revised for once a minimal 12.5 basis points with reference to the then movement of the Based Rate. Therefore, given the insignificant fluctuation of margin interest rate in the previous years, we consider that the determination of the expected margin interest rate for the three years ending 31 December 2022, which is based on the existing margin interest rate charged to the Pan's Family, is fair and reasonable.

In light of the above, we consider that the Revised Annual Interest Caps under the 2020 Mr. Pan Supplemental Financing Services Agreement are fair and reasonable.

LETTER FROM LEGO

3b. Mr. Kwan Annual Caps

Revised IPO Annual Caps

As disclosed in the Letter from the Board, the Revised IPO Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement were determined by the Group and Mr. Kwan after taking into account (i) the historical daily maximum amount of IPO Financing Service advanced to the Mr. Kwan by the Group; (ii) the number of IPOs available for subscription in June and July 2020; (iii) the minimum subscription amounts applied for the public offer shares in Pool B in each IPO on the Stock Exchange in June and July 2020; and (iv) the prevailing securities market condition of Hong Kong.

It is noted that the demand of the Kwan's Family for IPO Financing Service has been generally increasing in recent years. With reference to Table 2, the daily maximum amount of IPO financing amounted to approximately HK\$2.27 million, approximately HK\$3.37 million and approximately HK\$8.46 million during each of the two years ended 31 December 2019 and the seven months ended 31 July 2020, respectively, representing approximately 26.71%, approximately 39.65% and approximately 99.53% of the respective corresponding existing IPO Annual Caps of HK\$8.5 million for each of the three years ending 31 December 2021. On the other hand, we noted that there were 30 IPOs available for subscription on the Stock Exchange in June and July 2020, of which a daily maximum of 18 IPOs were available for subscription in July 2020 which demonstrated a significant increase of 200% as compared to that in June 2020. After considering the factors of (i) the historical maximum daily utilisation rate of the existing IPO Annual Cap in each of 2018, 2019 and the seven months ended 31 July 2020, which exhibited a general growth throughout the period; (ii) the growth in daily maximum number of IPOs available for subscription throughout June and July 2020; and (iii) that the Group may provide IPO Financing Service to more than one member of the Kwan's Family on a single day in the event that members of the Kwan's Family subscribe for the same IPO, we consider that the existing IPO Annual Caps may not be sufficient to meet the demand of the Kwan's Family for IPO Financing Service, and the Revised IPO Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement are fair and reasonable.

Revised Margin Annual Caps

As disclosed in the Letter from the Board, the Revised Margin Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement were determined by the Group and Mr. Kwan after taking into account: (i) the historical daily maximum amount of Margin Financing Service advanced to Mr. Kwan by the Group; and (ii) the prevailing securities market condition of Hong Kong.

With reference to Table 2, the daily maximum amount of margin financing amounted to approximately HK\$0.51 million, approximately HK\$0.39 million and approximately HK\$0.59 million during each of the two years ended 31 December 2019 and the seven months ended 31 July 2020, respectively, representing approximately 39.23%, approximately 30.00% and approximately 45.38% of the respective corresponding existing Margin Annual Cap of HK\$1.3 million for each of the three years ending 31 December 2021.

Taking into consideration of the steady growth in utilization rate of the existing Margin Annual Caps for the years ending 31 December 2020, and that as discussed with the Management, it is the plan of the Kwan's Family to increase the level of securities trading with margin financing from the Group in the coming years, we consider that the Revised Margin Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement are fair and reasonable.

LETTER FROM LEGO

Revised Interest Annual Caps

As disclosed in the Letter from the Board, the Revised Interest Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement were determined by the Group and Mr. Kwan after taking into account: (i) the Revised IPO Annual Cap and the Revised Margin Annual Caps as mentioned above; (ii) the existing interest rates offered by the Group to Mr. Kwan in respect of the Services; and (iii) the expected average number of days of advance for the Services, with the assumption that the interest rate will remain relatively stable for the three years ending 31 December 2022.

Based on Table 2, we noted that the historical annual interest income received by the Group from the provision of the Services under the 2019 Mr. Kwan Financing Services Agreement increased by approximately 14.29% from approximately HK\$7,000 in 2018 to approximately HK\$8,000 in 2019, leading to an increase in the utilisation rate of the corresponding existing Interest Annual Caps from 14% to 16%. Further, we have reviewed the monthly interest income received by the Group from the Kwan's Family for the seven months ended 31 July 2020 and based on the annualized amount computed therefrom, the existing Interest Annual Cap for the year ending 31 December 2020 shall be utilized by approximately 75.43%. Given the proposed increase in existing IPO Annual Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement, the total interest amount to be generated to the Group shall also be increased accordingly.

We understand that the total annual interest income expected to be received by the Group from the Kwan's Family is equivalent to the aggregate of the estimated IPO financing interest and the estimated margin financing interest, which will be determined by (i) the estimated interest rate offered to the Kwan's Family in respect of the Services; (ii) the respective estimated amounts of IPO financing and margin financing provided to the Kwan's Family during the year; and (iii) the estimated number of days of advance for the Services. In this regard, we have obtained and reviewed the breakdown of the expected total annual interest income to be received by the Group for the coming years.

In arriving at the estimated IPO financing interest, it is assumed that a maximum of 80% of the Revised IPO Annual Cap will be utilised and the IPO financing will be utilised by the Kwan's Family for 10% of the total number of days in a year. In this regard, we have reviewed the historical utilisation rates of IPO financing provided by the Group to the Kwan's Family and the number of days of such IPO financing advanced to the Kwan's Family with reference to the daily breakdown of IPO financing provided by the Group to the Kwan's Family in 2019 and for the seven months ended 31 July 2020, and noted that such assumptions are generally in line with the historical IPO financing provided by the Group to the Kwan's Family. The average IPO interest rate is assumed at 2.3%. We have therefore reviewed the IPO financing offered by the Group to all of its customers in 2018, 2019 and for the seven months ended 31 July 2020 and noted that the expected IPO interest rate of 2.3% falls within the range of IPO interest rate from 1.5% to 3.25% offered by the Group in recent years/period, which we consider is fair and reasonable. Furthermore, in view of the narrow range of IPO interest rates over the previous years/period, we consider that it is reasonable to assume the interest rate will remain relatively stable in the coming years and therefore the determination of the IPO interest rate of 2.3% over the three years ending 31 December 2022 is fair and reasonable.

LETTER FROM LEGO

In arriving at the estimated margin financing interest, it is assumed that the Revised Margin Annual Caps will be at maximum fully utilised and the margin financing will be utilised by the Kwan's Family for 80% of the total number of days in a year. In this regard, we have reviewed the historical utilisation rates of margin financing provided by the Group to the Kwan's Family and number of days of such margin financing advanced to the Kwan's Family with reference to the daily breakdown of margin financing provided by the Group to each member of the Kwan's Family in 2019 and for the seven months ended 31 July 2020, and noted that a maximum of approximately 30.00% and approximately 45.38% of the corresponding existing Margin Annual Caps have been utilised and the margin financing has been utilised by the Kwan's Family for approximately 50.14% and approximately 89.20% of the total number of days in 2019 and for the seven months ended 31 July 2020, respectively. Taking into consideration of (i) the steady growth in utilization rates of the existing Margin Annual Caps for the three years ending 31 December 2020; and (ii) the plan of the Kwan's Family to increase the level of securities trading with margin financing from the Group in the coming years, we consider that the abovementioned assumptions underlying the determination of the expected interest income from margin financing are fair and reasonable. On the other hand, we noted that the estimated margin interest rate adopted is based on the existing interest rate charged to the Kwan's Family for margin financing, which we consider fair and reasonable based on our analysis as set out in the above section headed "3. Principal terms of the 2020 Supplemental Financing Services Agreements".

In addition, given that the margin interest rate charged by the Group is determined based on the Based Rate which is floating with the market, we have inquired the Management as to any movement of margin interest rate in the past and the extent thereof. We were advised that during the two years ended 31 December 2019 and the seven months ended 31 July 2020, such margin interest rate has only been revised for once for a minimal 12.5 basis points with reference to the then movement of the Based Rate. Therefore, given the insignificant fluctuation of margin interest rate in the previous years, we consider that the determination of the expected margin interest rate for the three years ending 31 December 2022, which is based on the existing margin interest rate charged to the Kwan's Family, is fair and reasonable.

In light of the above, we consider that the Revised Annual Interest Caps under the 2020 Mr. Kwan Supplemental Financing Services Agreement are fair and reasonable.

Based on the above, we consider that the determination of each of the Revised IPO Annual Caps, the Revised Margin Annual Caps and the Revised Interest Annual Caps for the three years ending 31 December 2022 is fair and reasonable.

4. Annual review of the continuing connected transactions

According to the Letter from the Board, the Company has adopted and will continue to adopt the following internal control and risk management control measures in order to ensure that the transactions under the 2019 Financing Services Agreements (and supplemented by the 2020 Supplemental Financing Services Agreements) are in accordance with the pricing policy and the terms of the 2020 Supplemental Financing Services Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Details of the relevant internal control and risk management control measures are set out as follows.

LETTER FROM LEGO

- (i) when any member of the Pan's Family and the Kwan's Family opens a margin account in Astrum Capital, the account executive will propose an interest rate for margin financing service which should be comparable to the interest rate offered to other customers of the Group who are Independent Third Parties. The operation department will check whether the proposed interest rate for Margin Financing Service to such member is no less favourable to the Group than the interest rates offered to other customers of the Group who are Independent Third Parties and in accordance with the pricing policy of the Group from time to time;
- (ii) in respect of each IPO financing, the interest rate charged by the Group on the securities trading accounts of the Pan's Family and the Kwan's Family will be the same as other customers of the Group who are Independent Third Parties for the same IPO application;
- (iii) the dealing department is responsible for the close monitoring of the trading transactions of the Pan's Family and the Kwan's Family's securities trading accounts from time to time so as to ensure the transaction amounts of the IPO financing and margin financing will not exceed the Existing Annual Caps up to the date of the EGM and the Revised IPO Annual Caps and the Revised Margin Annual Caps respectively. After trading hours of the Stock Exchange on each trading day, the operation department will review the amount of IPO financing and margin financing of securities trading accounts held by the Pan's Family and the Kwan's Family;
- (iv) the independent non-executive Directors will perform an annual review pursuant to Rule 20.53 of the GEM Listing Rules on whether the transactions contemplated under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (v) pursuant to Rule 20.54 of the GEM Listing Rules, the auditor of the Company will confirm, amongst other thing, (a) whether the transactions contemplated under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) have been approved by the Board; (b) whether the transactions contemplated under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) are in accordance with the pricing policy of the Group; (c) whether the transactions have been entered into in accordance with the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements); and (d) whether the Revised Annual Caps have been exceeded.

In view of the above measures and in particular, the continuing connected transactions under the 2019 Financing Services Agreements (as supplemented by the 2020 Supplemental Financing Services Agreements) will be subject to annual review of the independent non-executive Directors and the auditors of the Company, we are of the view that appropriate measures will be updated from time to time and will be in place to govern the conduct of the continuing connected transactions and to safeguard the interests of the Shareholders.

LETTER FROM LEGO

RECOMMENDATIONS

Taking into consideration of the principal factors and reasons as set out in this letter, we are of the view that the 2020 Supplemental Financing Services Agreements have been entered into in the ordinary and usual course of the Group's business based on normal commercial terms, and the terms thereof including the Revised Annual Caps are fair and reasonable so far as the Company and the Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the 2020 Supplemental Financing Services Agreements and the transactions contemplated thereunder (including the Revised Annual Caps).

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Billy Tang
Managing Director

Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the accounting and investment banking industries.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(I) Interests and short positions of the Directors and chief executives of the Company on the Shares, underlying shares and debentures of the Company or any of its associated corporations

As at the Latest Practicable Date, 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 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 the Shares

Name	Capacity/Nature of interests	Number of Shares held/ interested in	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 the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, 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.

(II) Interests and short positions of substantial Shareholders in the Shares and underlying shares of the Company

So far as the Directors and the Chief Executives are aware, as at the Latest Practicable Date, 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 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:

Long position in the Shares

Name	Capacity/Nature of interests	Number of Shares held/ interested in	Approximate percentage of shareholding <i>(Note 2)</i>
Ms. Liu Ming Lai Lorna <i>(Note 1)</i>	Interest of spouse	532,685,000	66.59%
Autumn Ocean Limited	Beneficial interest	532,685,000	66.59%

Notes:

1. Ms. Liu Ming Lai Lorna is the spouse of Mr. Pan. She is deemed, or taken to be, interested in all the 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 the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, 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.

3. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any interests, either direct or indirect, in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2019 (being the date of the latest published audited financial statements of the Company).

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, save and except for the followings, there has been no material change in the financial or trading position or outlook of the Group for the period commencing from 31 December 2019 (the date to which the latest audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

As disclosed in the interim report of the Company for the six months ended 30 June 2020 (the "1H2020"), the Group recorded unaudited loss and total comprehensive expense of approximately HK\$0.4 million for 1H2020 as compared to an unaudited profit and total comprehensive income of approximately HK\$11.1 million for the six months ended 30 June 2019 (the "1H2019"). Such change in the results of the Group for 1H2020 is mainly attributable to the significant increase in commission expenses from approximately HK\$6.6 million for 1H2019 to approximately HK\$23.8 million for the 1H2020, which is partially offset by the increase in placing and underwriting commission income from approximately HK\$24.6 million for 1H2019 to approximately HK\$30.4 million for 1H2020.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, substantial Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) had interests in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

7. EXPERT'S QUALIFICATION AND CONSENT

Set out below is the qualification of the expert who has given its opinion or letter of advice in this circular:

Name	Qualification
Lego	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or opinion or report or reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interests, either direct or indirect, in any assets which had been, since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong from the date of this circular up to and including the date of the EGM:

- (i) the memorandum and articles of association of the Company;
- (ii) the 2019 Mr. Pan Financing Services Agreement;
- (iii) the 2020 Mr. Pan Supplemental Financing Services Agreement;
- (iv) the 2019 Mr. Kwan Financing Services Agreement;
- (v) the 2020 Mr. Kwan Supplemental Financing Services Agreement;
- (vi) the letter of recommendation from the Independent Board Committee to the Independent Shareholder, the text of which is set out on page 18 of this circular;
- (vii) the letter of advice from Lego to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 19 to 33 of this circular;
- (viii) the written consent as referred to under the section headed "7. EXPERT'S QUALIFICATION AND CONSENT" in this appendix; and
- (ix) this circular.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Astrum Financial Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) to be held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Thursday, 24 September 2020 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as resolutions of the Company:

ORDINARY RESOLUTIONS

1. “THAT

- (a) the agreement entered into between Astrum Capital Management Limited (“**Astrum Capital**”) and Mr. Pan Chik (“**Mr. Pan**”) dated 6 August 2020 (the “**2020 Mr. Pan Supplemental Financing Services Agreement**”) (a copy of which is tabled at the EGM marked “A” and initialed by the chairman of the EGM for identification purpose), pursuant to which the Group may provide IPO financing service and/or margin financing service to Mr. Pan and his associates (including his family members and certain private companies controlled by Mr. Pan and his family members but excluding the Group) upon request and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Revised Annual Caps (as defined and detailed in the circular of the Company dated 9 September 2020) as contemplated under the 2020 Mr. Pan Supplemental Financing Services Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company be and is hereby authorised to do all such acts and things and execute such documents (including the affixation of the common seal of the Company where execution under seal is required) and take all steps which, in his/her opinion deemed necessary, desirable or expedient to implement and/or effect the transactions contemplated under the 2020 Mr. Pan Supplemental Financing Services Agreement for and on behalf of the Company.”

NOTICE OF EGM

2. “THAT

- (a) the agreement entered into between Astrum Capital and Mr. Kwan Chun Yee Hidulf (“**Mr. Kwan**”) dated 6 August 2020 (the “**2020 Mr. Kwan Supplemental Financing Services Agreement**”) (a copy of which is tabled at the EGM marked “B” and initialed by the chairman of the EGM for identification purpose), pursuant to which the Group may provide IPO financing service and/or margin financing service to Mr. Kwan and his associates upon request and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Revised Annual Caps (as defined and detailed in the circular of the Company dated 9 September 2020) as contemplated under the 2020 Mr. Kwan Supplemental Financing Services Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company be and is hereby authorised to do all such acts and things and execute such documents (including the affixation of the common seal of the Company where execution under seal is required) and take all steps which, in his/her opinion deemed necessary, desirable or expedient to implement and/or effect the transactions contemplated under the 2020 Mr. Kwan Supplemental Financing Services Agreement for and on behalf of the Company.”

By Order of the Board
Astrum Financial Holdings Limited
Pan Chik
Chairman and Chief Executive Officer

Notes:

- 1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company.
- 2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized on its behalf.
- 3. Where there are joint registered holders of any shares, any one of such persons may vote at the EGM (or any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
- 4. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

NOTICE OF EGM

5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. The transfer books and register of members of the Company will be closed on 24 September 2020 (Thursday), on which no share transfers will be effected. In order to qualify for attending the EGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 23 September 2020 (Wednesday).
7. A form of proxy for use by shareholders of the Company at the EGM is enclosed.

As at the date of this notice, the directors of the Company are:

Executive Directors

Mr. Pan Chik (*Chairman and chief executive officer*)
Mr. Kwan Chun Yee Hidulf

Independent Non-executive Directors

Mr. Chan Chun Hong
Mr. Lee Tak Cheung Vincent
Mr. Lau Hon Kee

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 notice is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this notice misleading.

This notice 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).