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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

*This announcement, for which the directors (the “**Directors**”) of Astrum Financial Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020 (the “**Year**”) together with the comparative audited figures for the year ended 31 December 2019 (the “**Corresponding Year**”). The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	4	47,848	45,431
Other income		2,624	881
Fair value changes on financial assets at fair value through profit or loss		499	–
Administrative and other operating expenses		(50,120)	(31,918)
Finance costs		(2,822)	(251)
(Loss)/profit before tax	5	(1,971)	14,143
Income tax expense	6	(150)	(2,131)
(Loss)/profit and total comprehensive (expense)/income for the year		<u>(2,121)</u>	<u>12,012</u>
(Loss)/profit and total comprehensive (expense)/income for the year attributable to:			
– Owners of the Company		(2,121)	12,030
– Non-controlling interests		–	(18)
		<u>(2,121)</u>	<u>12,012</u>
(Loss)/earnings per share			
– Basic and diluted (<i>HK cents</i>)	8	<u>(0.27)</u>	<u>1.50</u>

Details of dividends are disclosed in Note 7 to the financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Property, plant and equipment		3,696	640
Right-of-use assets		937	3,747
Intangible assets		950	950
Other assets		2,080	2,038
Deferred tax assets		54	204
		<u>7,717</u>	<u>7,579</u>
Current assets			
Trade receivables	9	73,546	45,473
Deposits, prepayments and other receivables		1,250	1,207
Tax recoverable		517	–
Financial assets at fair value through profit or loss		2,922	–
Bank balances and cash			
– General accounts and cash		94,829	143,411
– Trust accounts		101,797	66,293
		<u>274,861</u>	<u>256,384</u>
Total assets		<u>282,578</u>	<u>263,963</u>
Current liabilities			
Trade payables	10	106,934	69,655
Other payables and accruals		1,265	1,003
Current tax liabilities		–	5,983
Lease liabilities		956	2,822
		<u>109,155</u>	<u>79,463</u>
Net current assets		<u>165,706</u>	<u>176,921</u>
Total assets less current liabilities		<u>173,423</u>	<u>184,500</u>

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		—	956
		<u> </u>	<u> </u>
Net assets		173,423	183,544
		<u> </u>	<u> </u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	11	8,000	8,000
Reserves		165,423	175,544
		<u> </u>	<u> </u>
Total equity		173,423	183,544
		<u> </u>	<u> </u>

Notes:

1. GENERAL INFORMATION

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

The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of the principal place of business is Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.

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

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

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

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2021

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “**Conceptual Framework**”) instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. REVENUE AND SEGMENT INFORMATION

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and performance assessment. During the year, the CODM assesses the operating performance and allocates the resources of the Group as a whole as the Group is primarily engaged in the provision of brokerage services, placing and underwriting services, corporate finance advisory services, financing services including securities and initial public offering financing and asset management services. Therefore, the directors of the Company consider that the Group only has one operating segment.

The CODM reviews the overall results and financial position of the Group as a whole based on the same accounting policies of the Group and no further analysis for segment information is presented.

Revenue from major services

The Group’s revenue from its major services are as follows:

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Revenue from contracts with customers		
Commission from brokerage services	3,009	3,717
Placing and underwriting commission	32,294	31,643
Corporate finance advisory services fee	2,680	4,930
Asset management services		
– Fund management and performance fee	2,307	1,289
	<u>40,290</u>	<u>41,579</u>
Revenue from other sources		
Interest income from securities and initial public offering financing	7,558	3,852
	<u>47,848</u>	<u>45,431</u>

Disaggregation of revenue from contracts with customers

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Timing of revenue recognition from contracts with customers		
– At a point in time	35,303	35,360
– Over time	4,987	6,219
	<u>40,290</u>	<u>41,579</u>

Transaction price allocated to the remaining performance obligation for contracts with customers

Corporate finance advisory services are provided for a period within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. All of the Group's revenue from external customers during the years ended 31 December 2020 and 2019 are derived from Hong Kong, the place of domicile of the Group's operating subsidiary. All the non-current assets of the Group are located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's total revenue are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	23,606	N/A ¹
Customer B	N/A ¹	10,416
Customer C	N/A ¹	10,000

¹ The corresponding revenue did not contribute over 10% of the Group's total revenue.

5. (LOSS)/PROFIT BEFORE TAX

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss)/profit before tax has been arrived at after charging/ (crediting):		
Auditors' remuneration	630	630
Commission expenses	24,459	6,562
Depreciation of property, plant and equipment	610	454
Depreciation of right-of-use assets	2,810	1,874
Write-off of trade receivables	–	268
Net foreign exchange (gain)/loss	(71)	37
Expense relating to short-term leases not included in the measurement of lease liabilities	–	733
Employee benefits expense:		
Salaries and other benefits	16,209	14,713
Commission to accounts executives	386	791
Contributions to retirement benefit scheme	364	363
Total employee benefits expense, including directors' emoluments	16,959	15,867

6. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current year	–	2,200
– Over-provision in prior years	–	(25)
	–	2,175
Deferred taxation:	150	(44)
	150	2,131

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from or arising in Hong Kong during the year ended 31 December 2020.

7. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends recognised as distribution during the year		
First interim dividend paid of HK\$0.005 (2019: HK\$0.005) per ordinary share	4,000	4,000
Second interim dividend paid of HK\$0.0025 (2019: HK\$0.005) per ordinary share	2,000	4,000
Third interim dividend paid of HK\$0.0025 (2019: HK\$0.005) per ordinary share	2,000	4,000
	8,000	12,000

No final dividend was proposed by the directors of the Company for the year ended 31 December 2020 (2019: NIL).

8. (LOSS)/EARNINGS PER SHARE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic (loss)/earnings per share	<u>(2,121)</u>	<u>12,030</u>
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>800,000,000</u>	<u>800,000,000</u>

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there is no dilutive potential ordinary share in issue during years ended 31 December 2020 and 2019.

9. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables arising from the ordinary course of business of:		
Dealing in securities		
Clients – cash	1,379	1,692
Clients – margin	44,895	41,474
Clearing house	3,882	1,705
Subscriptions of new shares in initial public offering	<u>22,862</u>	<u>–</u>
	73,018	44,871
Dealing in futures contracts		
Clearing house	75	87
Corporate finance advisory services	130	300
Asset management services	<u>323</u>	<u>215</u>
	<u>73,546</u>	<u>45,473</u>

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

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	<u>5,336</u>	<u>3,484</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	403	408
31–60 days	<u>50</u>	<u>107</u>
Total	<u>453</u>	<u>515</u>

10. TRADE PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables arising from the ordinary course of business of:		
Dealing in securities		
Clients – cash	53,175	28,919
Clients – margin	51,523	39,210
Clearing house	<u>288</u>	<u>753</u>
	104,986	68,882
Dealing in futures contracts		
Clients	<u>1,948</u>	<u>773</u>
	<u>106,934</u>	<u>69,655</u>

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

Trade payables to clients are interest-free and are repayable on demand subsequent to settlement date except where certain trade payables to clients represent margin deposits received from clients for their trading in futures contracts under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

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

11. SHARE CAPITAL

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

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019 and 31 December 2020	2,000,000,000	20,000
	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 31 December 2020	800,000,000	8,000
	<u>800,000,000</u>	<u>8,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The Hong Kong securities market was volatile in 2020. The Hang Seng Index dropped by 3.4% from last year end to 27,231 as at 31 December 2020. The financial market has been troubled by China-US's tension and the COVID-19 pandemic. Hong Kong economy recorded negative growth for two consecutive years for the first time on record. Despite the recent fluctuating financial market, the Hong Kong IPO market has shown strong resilience and vitality, ranking second globally in terms of total proceeds in 2020. The trend of secondary listings has highlighted Hong Kong's solid fundamentals and its importance as an international capital-raising venue with a growing ecosystem for innovation and new economy companies. In 2020, the number of new listed companies decreased by 15.8% to 154 but the fund raising size surged by 26.5% to HK\$397.5 billion. The following sets out the market statistics relation to the business of the Group:

	2019	2020	Change
Average daily turnover of Hong Kong securities market	HK\$87.2 billion	HK\$129.5 billion	+48.5%
Hang Seng Index	28,190	27,231	-3.4%
Initial public offering (“ IPO ”)			
– Number of newly listed companies (including the number of transfer of listing from GEM to Main Board)	183	154	-15.8%
– Total fund raised	HK\$314.2 billion	HK\$397.5 billion	+26.5%
Placing			
– Number of transactions	180	275	+52.8%
– Total fund raised	HK\$98.9 billion	HK\$290.7 billion	+193.9%
Rights issue and open offers			
– Number of transactions	23	45	+95.7%
– Total fund raised	HK\$5.0 billion	HK\$23.3 billion	+366.0%

Source: Website of the Stock Exchange

BUSINESS REVIEW

The Group is principally engaged in the provision of brokerage services, placing and underwriting services, corporate finance advisory services, financing services and asset management services. The Company was successfully listed on GEM of the Stock Exchange by way of share offer (the “**Share Offer**”) on 14 July 2016.

Brokerage services

For the year ended 31 December 2020 (the “**Year**”), the Group fully extended its brokerage services to eligible stocks listed on the Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, the Hang Seng Index Futures & Options, the Hang Seng China Enterprises Index Futures & Options and the Hang Seng TECH Index Futures & Options. As at 31 December 2020, the Group had 242 active customers (2019: 231), among which, the ten largest active customers contributed to approximately 46.3% (2019: approximately 42.2%) of the commission income from brokerage services.

Placing and underwriting services

During the Year, the Group completed 12 placing and underwriting engagements (2019: 11 engagements). Revenue derived from underwriting services amounted to approximately HK\$30.4 million during the Year (2019: approximately HK\$30.5 million) while revenue derived from placing services amounted to approximately HK\$1.9 million during the Year (2019: approximately HK\$1.1 million).

Corporate finance advisory services

The Group was engaged in 16 corporate finance advisory engagements during the Year (2019: 13 engagements), among which, 8 financial advisory engagements contributed to a total revenue of approximately HK\$1.8 million and 8 independent financial advisory engagements contributed to a total revenue of approximately HK\$0.9 million.

Financing services

During the Year, interest income from securities and IPO financing amounted to approximately HK\$7.6 million (2019: approximately HK\$3.9 million), representing an increase of approximately 94.9%. Such increase was attributable to the rebound demand for margin financing service from customers and active IPO market. To cater for occasional needs of funding for the financing services, the Group maintained staging facilities for IPO loan from a bank during the Year.

Asset management services

During the Year, the Group had been acting as the investment manager of Astrum Absolute Return China Fund (the “**Astrum China Fund**”). As at 31 December 2020, the asset under management of the Astrum China Fund was approximately US\$9.3 million (2019: approximately US\$8.3 million) and the net asset value per share was approximately US\$1,425.253 (2019: approximately US\$1,307.188).

FINANCIAL REVIEW

Key financial data

	For the year ended/ As at 31 December 2019 <i>HK\$'000</i>	For the year ended/ As at 31 December 2020 <i>HK\$'000</i>	Approximate percentage change
Results of operation			
Revenue	45,431	47,848	+5.3%
Profit/(loss) before tax	14,143	(1,971)	N/A
Profit/(loss) and total comprehensive income/(expenses) for the year attributable to owners of the Company	12,030	(2,121)	N/A
Financial position			
Current assets	256,384	274,861	+7.2%
Current liabilities	79,463	109,155	+37.4%
Net current assets	176,921	165,706	-6.3%
Total equity	183,544	173,423	-5.5%
Key financial ratios			
Net profit margin	26.5%	N/A	
Current ratio	3.2	2.5	
Gearing ratio	–	–	
Net debt to equity ratio	Net cash position	Net cash position	
Return on assets	4.6%	N/A	
Return on equity	6.6%	N/A	

Revenue

Total revenue of the Group for the Year was approximately HK\$47.8 million as compared to approximately HK\$45.4 million for the year ended 31 December 2019 (the “**Corresponding Year**”), representing an increase of approximately 5.3%. Such increase was mainly attributable to (i) the increase in interest income from securities and IPO financing; and (ii) the increase in asset management services fee income, which was partially offset by the decrease in corporate finance advisory services fee income.

Commission from brokerage services decreased from approximately HK\$3.7 million for the Corresponding Year to approximately HK\$3.0 million for the Year, representing a decrease of approximately 18.9%. Such decrease was due to the relatively negative investment atmosphere in the local stock market during the Year.

Revenue derived from placing and underwriting services increased from approximately HK\$31.6 million for the Corresponding Year to approximately HK\$32.3 million for the Year, representing an increase of approximately 2.2%. During the Year, the Group completed 12 placing and underwriting engagements as compared to 11 placing and underwriting engagements in the Corresponding Year.

Corporate finance advisory services fee decreased significantly from approximately HK\$4.9 million for the Corresponding Year to approximately HK\$2.7 million for the Year, representing a decrease of approximately 44.9%. Such decrease was mainly due to the decrease in the average advisory fee of the corporate finance advisory engagements charged by the Group during the Year.

Interest income from securities and IPO financing increased significantly from approximately HK\$3.9 million for the Corresponding Year to approximately HK\$7.6 million for the Year, representing an increase of approximately 94.9%. Such increase was attributable to the rebound demand for margin financing service from customers and active IPO market.

Asset management fee increased from approximately HK\$1.3 million for the Corresponding Year to approximately HK\$2.3 million for the Year, representing an increase of approximately 76.9%. For the Year, the Group recognised a management fee of approximately HK\$1.4 million (Corresponding Year: approximately HK\$1.3 million) and performance fee of approximately HK\$0.9 million (Corresponding Year: Nil) was charged as the net asset value per share of Astrum Absolute Return China Fund surpassed the high water mark achieved in 2019.

Other income

Other income increased from approximately HK\$0.9 million for the Corresponding Year to approximately HK\$2.6 million for the Year, representing an increase of approximately 188.9%. Such increase was mainly due to (i) the increase in interest income from banks; (ii) the increase in handling fee income, such as CCASS charges and scrip fees received from customers; and (iii) the receipt of government subsidies of approximately HK\$1.3 million (Corresponding Year: Nil) from the Employment Support Scheme and the Subsidy Scheme for the Securities Industry under the Anti-epidemic Fund of the Hong Kong Government.

Administrative and other operating expenses

Administrative and other operating expenses increased from approximately HK\$31.9 million for the Corresponding Year to approximately HK\$50.1 million for the Year, representing an increase of approximately 57.1%. Such increase was mainly due to the increase in commission expenses from approximately HK\$6.6 million for the Corresponding Year to approximately HK\$24.5 million for the Year.

Finance costs

During the Year, the finance costs of the Group increased significantly from approximately HK\$0.3 million for the Corresponding Year to approximately HK\$2.8 million for the Year, representing an increase of approximately 833.3%. The finance costs for the Year were mainly derived from the utilisation of IPO loan borrowed from a bank.

(Loss)/profit for the Year

As a result of the foregoing, loss of approximately HK\$2.1 million for the Year was recorded as compared to a profit of approximately HK\$12.0 million for the Corresponding Year.

PROSPECTS

With the launch of vaccination schemes in various places around the world, the global economy may see relatively significant improvements starting from the latter half of 2021. International Monetary Fund forecasts that the global economy will rebound by 5.5% for 2021.

The foreign and economic policy directions of the US administration is the attention of the whole world. Their implications on the China-US relations and their economies are of particular significance. Changes in China-US relations will affect the global trade and finance landscape. Possible financial risks associated with the surging global public debt also warrant attention. Hong Kong economy is expected to resume positive growth but the progress of economic recovery will hinge on the development of the COVID-19.

The uncertain global economic outlook this year casts a shadow on the Hong Kong stock market. The performance of the Group in 2021 would inevitably be affected. The Group would review and adjust business strategies on regular basis with a prudent and balanced risk management approach, with an aim of striving for sustained income and balanced growth.

Subsequent to 31 December 2020 and up to the date of this announcement, the Group completed 4 placing engagements and 1 corporate finance advisory engagement.

EMPLOYEE INFORMATION

As at 31 December 2020, the Group had 27 employees (2019: 26 employees) and 6 account executives (2019: 3 account executives). Total staff costs (including directors' remuneration) were approximately HK\$17.0 million (2019: approximately HK\$15.9 million).

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

The Group adopted a share option scheme (the "**Scheme**"). During the period from the date of its adoption up to 31 December 2020, no options have been granted or agreed to be granted pursuant to the Scheme and, therefore, there were no outstanding options as at 31 December 2020 (2019: NIL).

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Year, the Group mainly financed its operations, capital expenditure and other capital requirements by internal resources and net proceeds raised from the Share Offer and occasionally financed its financing services by IPO staging bank loan facility.

As at 31 December 2020,

- (i) the total assets of the Group amounted to approximately HK\$282.6 million (2019: approximately HK\$264.0 million). The increase in total assets of the Group was mainly attributable to the existence of trade receivables due to the subscription of new shares in IPO in the amount of approximately HK\$22.9 million by the end of 2020;

- (ii) the total equity attributable to owners of the Company amounted to approximately HK\$173.4 million (2019: approximately HK\$183.5 million). The decrease in total equity attributable to owners of the Company was mainly due to the loss and total comprehensive expense for the Year in the amount of approximately HK\$2.1 million and the payment of interim dividends in the total amount of HK\$8.0 million for the first, second and third quarter financial periods in 2020;
- (iii) the net current assets of the Group amounted to approximately HK\$165.7 million, (2019: approximately HK\$176.9 million) representing a decrease of approximately 6.3% and the current ratio of the Group, being the ratio of current assets to current liabilities, was approximately 2.5 times (2019: approximately 3.2 times). As the increasing rate of the current liabilities (approximately 37.4%) was greater than that of the current assets (approximately 7.2%), the current ratio of the Group decreased from approximately 3.2 times as at 31 December 2019 to approximately 2.5 times as at 31 December 2020;
- (iv) the total bank balances and cash of the Group, which were substantially denominated in Hong Kong Dollars, amounted to approximately HK\$196.6 million (2019: approximately HK\$209.7 million). Such decrease was due to the decrease in bank balances in general accounts and cash of approximately HK\$48.6 million and offset by the increase in bank balances in trust accounts of approximately HK\$35.5 million; and
- (v) the Group did not have any debt (2019: NIL) and therefore gearing ratio was not applicable.

CHARGES ON THE GROUP'S ASSETS

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

FOREIGN EXCHANGE EXPOSURE

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

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the Year.

MATERIAL ACQUISITIONS OR DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

COMMITMENTS

As at 31 December 2020, the Group did not have any commitment (2019: HK\$62.1 million) in respect of underwriting of shares.

In addition, the Group did not have any capital commitments as at 31 December 2020 (2019: NIL).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2020 (2019: NIL).

EVENTS AFTER THE REPORTING PERIOD

On 4 January 2021, a total of 80,000,000 share options were granted to 11 eligible persons under the share option scheme of the Company adopted on 23 June 2016 to subscribe for an aggregate of 80,000,000 ordinary shares of the Company at an exercise price of HK\$0.096 per share with the validity period of 5 years from the date of grant. For further information, please refer to the announcement of the Company dated 4 January 2021.

On 2 February 2021 (after trading hours), the Company and its operating subsidiary, Astrum Capital Management Limited (the “**Placing Agent**”), entered into a placing agreement pursuant to which the Company appointed the Placing Agent to place, on a best efforts basis and subject to the fulfillment of the condition precedent to the placing, a maximum of 160,000,000 placing shares to not less than six independent placees at a price of HK\$0.083 per placing share. The condition of the placing has been fulfilled and completion of the placing took place on 24 February 2021. An aggregate of 160,000,000 placing shares have been successfully placed to not less than six independent placees at the placing price of HK\$0.083 per placing share, representing (i) 20.00% of the issued share capital of the Company immediately before completion of the placing; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the 160,000,000 placing shares. For further information, please refer to the announcements of the Company dated 2 February 2021 and 24 February 2021.

Save as disclosed above, there was no other significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance to safeguard the stakeholders' interest and to enhance their confidence and support. For the Year, the Company has adopted and complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules except the deviation from the CG Code provision A.2.1. The Board will review and continue to enhance the Company's corporate governance standards, as the Directors believe that sound internal controls and effective corporate governance practices are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Pan has been managing and supervising the overall operations of the Group since 2007. The Board believes that vesting the roles of chairman and chief executive officer in Mr. Pan is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, all of them confirmed that they have complied with the required standard of dealings throughout the Year. The Company has not been notified of any incident of non-compliance during the Year.

SHARE OPTION SCHEME

The Scheme was adopted by the shareholders of the Company on 23 June 2016. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years. Under the Scheme, the Board shall be entitled to offer to grant a share option to any eligible participant whom the Board may select at its absolute discretion. No share options have been granted under the Scheme since its effective date and up to 31 December 2020.

NON-COMPETITION UNDERTAKING

Confirmation from Mr. Pan and Autumn Ocean Limited

The Company received from Mr. Pan and Autumn Ocean Limited four confirmations respectively in April, July and October 2020 and January 2021 on their compliance of the non-competition undertaking under the Deed of Non-competition (“**Pan’s Undertaking**”) for the respective period from 1 January 2020 to 31 March 2020, 1 April 2020 to 30 June 2020, 1 July 2020 to 30 September 2020 and 1 October 2020 to 31 December 2020. The independent non-executive Directors have reviewed the compliance of Pan’s Undertaking and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that Mr. Pan and Autumn Ocean Limited have complied with Pan’s Undertaking during the Year.

DIVIDEND

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

At a board meeting of the Company held on 6 August 2020, the Board declared an interim dividend (“**Q2 Dividend**”) of HK\$0.0025 per share for the three months ended 30 June 2020 (three months ended 30 June 2019: HK\$0.005 per share), amounting to HK\$2.0 million (three months ended 30 June 2019: HK\$4.0 million). Such declared Q2 Dividend in the total amount of HK\$2.0 million was paid to the shareholders of the Company on 9 September 2020.

At a board meeting of the Company held on 6 November 2020, the Board declared an interim dividend (“**Q3 Dividend**”) of HK\$0.0025 per share for the three months ended 30 September 2020 (three months ended 30 September 2019: HK\$0.005 per share), amounting to HK\$2.0 million (three months ended 30 September 2019: HK\$4.0 million). Such declared Q3 Dividend in the total amount of HK\$2.0 million was paid to the shareholders of the Company on 11 December 2020.

At a board meeting of the Company held on 19 March 2021, the Board did not recommend the payment of final dividend for the Year (2019: NIL).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold, redeemed or cancelled any of the Company's redeemable or listed securities during the Year.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Friday, 18 June 2021. A formal notice of the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from 15 June 2021 (Tuesday) to 18 June 2021 (Friday), both days inclusive. During such period, no share transfers will be effected. In order to qualify for attending the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 11 June 2021 (Friday).

AUDIT COMMITTEE

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

The Audit Committee had reviewed the annual results of the Group for the Year and is of the opinion that such results complied with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

SCOPE OF WORK OF AUDITORS

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2020 will be despatched to its shareholders and published on the websites of GEM (www.hkgem.hk) and the Company (www.astrum-capital.com) as soon as practicable.

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

Hong Kong, 19 March 2021

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Pan Chik (Chairman and Chief Executive Officer)

Mr. Kwan Chun Yee Hidulf

Independent Non-executive Directors

Mr. Sum Loong

Mr. Lee Tak Cheung Vincent

Mr. Lau Hon Kee

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange (www.hkexnews.hk) for at least 7 days from the date of its publication and on the website of the Company (www.astrum-capital.com).