
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 you should take, you should consult your licensed securities dealer or registered institution 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, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF 25% ISSUED SHARE CAPITAL OF
RS (BVI) HOLDINGS LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE;
(2) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR;
(3) PROPOSED CHANGE OF COMPANY NAME;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



Vinco Capital Limited

Capitalised terms used in this cover page shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 9 to 33 of this circular. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages IBC-1 to IBC-2 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 IFA-1 to IFA-30 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, 23 September 2021 at 11:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for the EGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to 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 as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. no later than 11:00 a.m. on Tuesday, 21 September 2021) 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 wish, and in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE EGM

Due to the on-going COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the EGM:

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- submission of personal information form, which may be used for contact tracing, if required
- no distribution of corporate gift nor provision of refreshment

Any person who does not comply with these precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. Shareholders are reminded that they may appoint the chairman of the EGM as their proxy to vote on any resolution(s) at the EGM as an alternative to attending the EGM in person.

This circular will remain on the "Latest Listed Company Information" page of the website of GEM at www.hkex.com.hk for at least 7 days from the date of its publication and on the website of the Company at www.astrum-capital.com.

7 September 2021

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.

CONTENTS

	<i>Page</i>
CHARACTERISTICS OF GEM	i
DEFINITIONS	1
LETTER FROM THE BOARD	9
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	IBC-1
LETTER FROM VINCO CAPITAL	IFA-1
APPENDIX I — VALUATION REPORT	I-1
APPENDIX II — GENERAL INFORMATION	II-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

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

“Acquisition”	acquisition of the Sale Shares by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement
“Appointment”	proposed appointment of Mr. Tsang as an executive Director
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Audited Full-Year Financial Statements”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee” in the “Letter from the Board” in this circular
“Audited Full-Year Profits”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee” in the “Letter from the Board” in this circular
“Audited Period-end Financial Statements”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee” in the “Letter from the Board” in this circular
“Audited Period-end Profits”	the profit after tax of RSL reported in accordance with HKFRS for the Reporting Period in the Audited Period-end Financial Statements
“Auditors”	existing auditors of RSL, or such other auditors jointly nominated by the Vendor and the Company
“Board”	board of Directors from time to time
“Business Day”	any day (excluding Saturday, Sunday or public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Change of Company Name”	proposed change of the existing English name of the Company from “Astrum Financial Holdings Limited” to “RaffAello-Astrum Financial Holdings Limited” and dispensation with the existing dual foreign name in Chinese of the Company, being “阿仕特朗金融控股有限公司”
“Company”	Astrum Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8333)
“Comparable Companies”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Valuation of 25% equity interests in RSL” in the “Letter from the Board” in this circular

DEFINITIONS

“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date falling on the third Business Day after the fulfillment (or waiver) of the conditions precedent under the Sale and Purchase Agreement or such other date as the Vendor and the Company may agree in writing
“Concert Parties”	Autumn Ocean Limited, Ms. Liu Ming Lai Lorna and Mr. Pan Chik and parties acting in concert with any of them
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	an amount of HK\$32,853,000, being the purchase price for the Sale Shares
“Consideration Shares”	an aggregate of 233,000,000 new Shares to be allotted and issued to the Vendor (and/or its nominee(s)), and to be delivered to the Vendor subject to the terms and conditions in relation to the Profit Guarantee under the Sale and Purchase Agreement and the Escrow Letter, at the Issue Price credited as fully paid to satisfy the Consideration
“Director(s)”	director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened and held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Thursday, 23 September 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, approving (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the Acquisition and the allotment and issue of the Consideration Shares under the Specific Mandate); (ii) the Appointment; and (iii) the Change of Company Name
“Engagements Associated with RCL”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee — Assessment on the achievability of the Guaranteed Profits” in the “Letter from the Board” in this circular
“Escrow Agent”	Astrum Capital Management Limited, or such other escrow agent to be jointly appointed by the Company and the Vendor
“Escrow Letter”	escrow letter (in the agreed form) to be made between the Vendor, the Company and the Escrow Agent in relation to the holding of 233,000,000 Consideration Shares pursuant to the terms and conditions of the Sale and Purchase Agreement

DEFINITIONS

“Estimated Monthly Operating Expenses”	the aggregate amount of the administrative expenses and the other operating expenses reported in the Period-end Management Accounts, divided by the number of calendar months in the Reporting Period
“Forecasted Profits”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee — Assessment on the achievability of the Guaranteed Profits” in the “Letter from the Board” in this circular
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guaranteed Period”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee” in the “Letter from the Board” in this circular
“Guaranteed Profits”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee” in the “Letter from the Board” in this circular
“Guaranteed Profits Plus Estimated Operating Expenses”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee” in the “Letter from the Board” in this circular
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Sum Loong, Mr. Lee Tak Cheung Vincent and Mr. Lau Hon Kee, established to give a recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Financial Adviser” or “Vinco Capital”	Vinco Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the allotment and issue of the Consideration Shares under the Specific Mandate), the Appointment and the Change of Company Name
“Independent Third Party”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules
“Issue Price”	HK\$0.141 per Consideration Share
“Latest Practicable Date”	2 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Long Stop Date”	31 December 2021, or such later date as the Vendor and the Company may agree in writing
“Mr. Tsang”	Mr. Tsang Kin Hung, the controlling shareholder and a director of the Vendor as at the Latest Practicable Date
“Option Completion”	completion of the sale and purchase of the Option Shares and the sale and repurchase of the Repurchase Shares in accordance with the terms and conditions of the Option Deed
“Option Deed”	the option deed to be entered into between the Company and the Vendor in relation to the Put and Repurchase Option
“Option Shares”	the Sale Shares to be sold by the Company to the Vendor upon the exercise of the Put and Repurchase Option as provided in the Option Deed

DEFINITIONS

“Other Placing/ Underwriting Commission”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee — Assessment on the achievability of the Guaranteed Profits” in the “Letter from the Board” in this circular
“Period-end Management Accounts”	the unaudited financial statements of RSL for the Reporting Period
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Profit Forecast”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee — Assessment on the achievability of the Guaranteed Profits” in the “Letter from the Board” in this circular
“Profit Guarantee”	the profit guarantee given by the Vendor under the Sale and Purchase Agreement
“Put and Repurchase Option”	has the meaning ascribed thereto in the section headed “The Option Deed — Put and Repurchase Option” in the “Letter from the Board” in this circular
“Put and Repurchase Option Notice”	has the meaning ascribed thereto in the section headed “The Option Deed — Put and Repurchase Option” in the “Letter from the Board” in this circular
“Put Option Designated Date”	has the meaning ascribed thereto in the section headed “The Option Deed — Put and Repurchase Option” in the “Letter from the Board” in this circular
“Put Option Exercise Period”	has the meaning ascribed thereto in the section headed “The Option Deed — Put and Repurchase Option” in the “Letter from the Board” in this circular
“Put Option Price”	has the meaning ascribed thereto in the section headed “The Option Deed — Consideration of the Option Shares and Repurchase Shares” in the “Letter from the Board” in this circular
“RCL”	RaffAello Capital Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Vendor and a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

DEFINITIONS

“RCL Driven Revenue”	has the meaning ascribed thereto in the section headed “The Sale and Purchase Agreement — Profit Guarantee — Assessment on the achievability of the Guaranteed Profits” in the “Letter from the Board” in this circular
“Remaining Guaranteed Period”	remaining period within the Guaranteed Period after excluding the Reporting Period, which for the avoidance of doubt, the aggregate sum of the number of calendar months within the Reporting Period and the number of calendar months within the Remaining Guaranteed Period shall be equal to twelve (12) calendar months
“Reporting Period”	the period commencing from 1 April 2021 and up to any such month within the Guaranteed Period, which for the avoidance of doubt, any Reporting Period would not exceed twelve (12) calendar months
“Repurchase Code”	the Hong Kong Code on Share Buy-backs
“Repurchase Price”	has the meaning ascribed thereto in the section headed “The Option Deed — Consideration of the Option Shares and Repurchase Shares” in the “Letter from the Board” in this circular
“Repurchase Shares”	the 233,000,000 Shares issued to the Vendor upon Completion
“RSL”	RaffAello Securities (HK) Limited, a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Target Company and a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Sale and Purchase Agreement”	conditional sale and purchase agreement dated 6 July 2021 (as amended and supplemented by the Supplemental Agreement) and entered into amongst the Company, the Vendor and the Target Company in respect of the Acquisition
“Sale Shares”	25 issued shares of the Target Company, representing 25% of the issued share capital of the Target Company, which are legally and beneficially owned by the Vendor as at the Latest Practicable Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Repurchase”	the repurchase by the Company of the Repurchase Shares from the Vendor by means of an off-market share repurchase pursuant to the terms and conditions of the Option Deed
“Shareholder(s)”	holder(s) of the issued Shares
“Shareholders’ Agreement”	shareholders’ agreement in the agreed form to be entered into amongst the Vendor, the Company (or its nominee) and the Target Company setting out terms and conditions regulating the relationship between the Target Company and its shareholders and the manner in which the affairs of the Target Group are to be regulated after Completion
“Specific Mandate”	specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Independent Shareholders at the EGM to satisfy the allotment and issue of the Consideration Shares upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Sale and Purchase Agreement, dated 15 July 2021 and entered into amongst the Company, the Vendor and the Target Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	RS (BVI) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor
“Target Group”	collectively, the Target Company and RSL
“Triggering Event”	has the meaning ascribed thereto in the section headed “The Option Deed — Put and Repurchase Option” in the “Letter from the Board” in this circular
“Unaudited Period-end Profits”	the profit after tax reported in the unaudited financial statements of RSL for the Reporting Period in the Period-end Management Accounts
“Valuation”	an independent valuation of the market value of 25% equity interest in RSL performed by the Valuer
“Valuation Report”	the valuation report issued by the Valuer in respect of the Valuation as set out in Appendix I to this circular

DEFINITIONS

“Valuer”	Malcolm & Associates Appraisal Limited, an independent professional valuer
“Vendor”	RaffAello Holdings Limited, a company incorporated in the Cayman Islands with limited liability, which is wholly-owned by Captain Expert Limited, a company incorporated in the British Virgin Islands, which in turn is owned as to 70% by Mr. Tsang and 30% by Ms. Qin Siu Kiu Michelle, who is the spouse of Mr. Tsang
“Whitewash Waiver”	has the meaning ascribed thereto in the section headed “The Option Deed — Conditions precedent to the Option Deed” in the “Letter from the Board” in this circular
“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. Sum Loong

Mr. Lee Tak Cheung Vincent

Mr. Lau Hon Kee

Registered office:

Ocorian Trust (Cayman) Limited

Windward 3

Regatta Office Park

PO Box 1350

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

7 September 2021

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF 25% ISSUED SHARE CAPITAL OF
RS (BVI) HOLDINGS LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE;
(2) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR;
(3) PROPOSED CHANGE OF COMPANY NAME;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the announcements of the Company dated 6 July 2021 and 15 July 2021 in relation to, among other things, (i) the Sale and Purchase Agreement, the proposed appointment of executive Director and the Change of Company Name; and (ii) the Supplemental Agreement, respectively.

LETTER FROM THE BOARD

Pursuant to the terms of the Sale and Purchase Agreement, the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 25% of the issued share capital of the Target Company, for the Consideration of HK\$32,853,000, which shall be satisfied by way of allotment and issue of an aggregate of 233,000,000 Consideration Shares at the Issue Price, credited as fully paid, to the Vendor (and/or its nominee(s)).

The purpose of this circular is to provide you with, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder, the Appointment and the Change of Company Name; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same regard; (iv) the Valuation Report for 25% equity interest in RSL; and (v) a notice of the EGM.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as follows:

- Date:** 6 July 2021
(as amended and supplemented by the Supplemental Agreement on 15 July 2021)
- Parties:** (i) the Company, as the purchaser;
(ii) the Vendor, as the vendor; and
(iii) the Target Company

The Vendor is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, Mr. Tsang is the controlling shareholder and a director of the Vendor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners (including Mr. Tsang) is an Independent Third Party.

Asset to be acquired

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 25% of the issued share capital of the Target Company.

As at the Latest Practicable Date, the Target Company is wholly-owned by the Vendor.

LETTER FROM THE BOARD

Consideration

The Consideration is HK\$32,853,000, which shall be satisfied by way of allotment and issue of an aggregate of 233,000,000 Consideration Shares at the Issue Price of HK\$0.141 per Consideration Share, credited as fully paid, to the Vendor (and/or its nominee(s)) upon Completion, and to be delivered to the Vendor subject to the provisions set out in the paragraph headed “Profit Guarantee” in this section and the section headed “The Option Deed” in this circular.

The Consideration was determined after arm’s length negotiations between the Company and the Vendor on normal commercial terms, after taking into account, among others, (i) the Profit Guarantee provided by the Vendor in respect of the Guaranteed Profits of HK\$15,500,000 for the year ending 31 March 2022, of which the Board considers to be feasible for RSL to achieve, details of which are set out in the paragraph headed “Profit Guarantee” in this section; (ii) the Put and Repurchase Option which is intended to be exercised by the Company, subject to the terms of the Option Deed, in the event that the Target Group fails to achieve the agreed Guaranteed Profits, thereby protecting the interests of the Group; (iii) the preliminary valuation of 25% equity interest in RSL prepared by an independent professional valuer based on market approach; and (iv) other factors as set out in the section headed “Reasons for and benefits of the Acquisition” in this circular.

According to the Valuation Report as set out in Appendix I to this circular, the market value of 25% equity interest in RSL as at 30 June 2021 was HK\$33,400,000 (the “**Appraised Value**”). The Consideration represents a discount of approximately 1.64% to the Appraised Value.

Valuation of 25% equity interests in RSL

The Company engaged Malcolm & Associates Appraisal Limited, an independent professional valuer, to appraise the value of 25% equity interests in RSL based on market approach, details of which are set out in Appendix I to this circular.

In assessing the fairness and reasonableness of the Valuation, the Board has reviewed the Valuation Report and discussed with the Valuer regarding, among other things, the valuation methodology and assumptions adopted, taking into account the operation and financial information of RSL; the status and prospects of the business and industry RSL is participating as well as the following:

(i) Achievability of the Guaranteed Profits and multiplication of the forward Guaranteed Profits with historical P/E ratio

As advised by the Valuer, the adoption of the forward Guaranteed Profits is appropriate in appraising RSL under the market approach.

Based on the factors set out in the paragraph headed “Profit Guarantee — Assessment on the achievability of the Guaranteed Profits” in this section, the Board believes that the Guaranteed Profits, which was determined under due and careful

LETTER FROM THE BOARD

consideration and after arm's length negotiations between the Company and the Vendor with reference to the Forecasted Profits, will be met by RSL for the Guaranteed Period, and it is therefore fair and reasonable to adopt the Guaranteed Profits in the Valuation.

Taking into account the strong projects pipeline in respect of the IPO projects sponsored by RCL, the Board considers that there would be improvement in the placing and underwriting business of RSL as compared to that in the previous year. As advised by the Vendor, as at the date of Valuation, RSL is expected to act as an underwriter of (i) one fund-raising exercise which was in the preparation stage; and (ii) four initial public offering exercises, of which listing applications were submitted to the Stock Exchange, which would significantly increase the underwriting revenue and profitability of RSL. The adoption of the 2022 forward Guaranteed Profits for the Valuation would therefore better reflect the earning capability of RSL having considered the project pipeline. In contrast, historical earnings of RSL for the year ended 31 March 2021 or the latest twelve months might not fully capture the earning capabilities of RSL as they did not reflect the economic benefits of the projects on hand that were already engaged and under progress as at the date of Valuation.

In addition, the COVID-19 pandemic has brought adverse impacts on the economic condition of Hong Kong, resulting in the plunge in the financial market as well as the placing and underwriting business of RSL. However, given the precautionary measures on the COVID-19 outbreak and the increasing vaccination rate, recovery of the Hong Kong's economy is expected. To reflect the normal revenue and profit level of RSL in determining its market value, the Board concurs with the view of the Valuer that the forward Guaranteed Profits to be the appropriate value measure in appraising RSL under the market approach.

Based on the above, the Board concurs with the view of the Valuer that the adoption of 2022 forward Guaranteed Profits in assessing the market value of RSL is fair and reasonable.

The Valuer is of the view that the forward Guaranteed Profits represents a future value as at 31 March 2022 and therefore the forward Guaranteed Profits is discounted to a present value as at the date of Valuation using an appropriate discount rate. By adjusting such time value difference, the discounted forward Guaranteed Profits could be multiplied with the historical P/E to derive the market value of RSL.

In light of the above, the Board concurs with the view of the Valuer that it is reasonable to multiply the forward Guaranteed Profits (instead of the historical net profit of RSL) with the historical P/E ratio.

LETTER FROM THE BOARD

(ii) Fairness and representativeness of Comparable Companies

As disclosed in the Valuation Report, the Valuer selected 11 comparable companies (the “**Comparable Companies**”) based on the following selection criteria:

- (a) the principal activities of the Comparable Companies are located in Hong Kong according to the latest available financial statements;
- (b) as at the date of Valuation, the Comparable Companies are principally engaged in the provision of securities dealing and brokerage services, placing and underwriting services and the related operation;
- (c) the Comparable Companies have positive earnings for the trailing 12 months as stated in the latest available financial statements;
- (d) the Comparable Companies are listed on the Stock Exchange;
- (e) the shares of the Comparable Companies are trading on the Stock Exchange as at the date of Valuation;
- (f) the market capitalisation of the Comparable Companies are less than HK\$10 billion as at the date of Valuation; and
- (g) detailed financial information in respect of the Comparable Companies is available at publicly available sources.

Since the Comparable Companies are listed companies on the Stock Exchange, their scale of operation shall be greater than that of RSL. However, having regard to (a) the industry sector and geographical location of the Comparable Companies, which are in line with that of RSL, (b) the unavailability of financial information of private companies similar to RSL for calculating the price multiples in the Valuation, and (c) the exclusion of comparable companies with market capitalisation exceeding HK\$10 billion as at the date of Valuation from the list of Comparable Companies, the Board concurs with the view of the Valuer that the Comparable Companies could reflect the recent market trend of the acquisition of licensed corporations similar to RSL, and the list of Comparable Companies is a fair and representative sample.

(iii) Use of discount rate in calculating the present value of the forward Guaranteed Profits

As advised by the Valuer, the discount rate of 6.81% is the weighted average cost of capital of RSL that is used to calculate the present value of the forward Guaranteed Profit as at the date of Valuation of 30 June 2021.

Based on the above, the Board considers that the valuation methodology and the assumptions adopted by the Valuer are fair and reasonable.

LETTER FROM THE BOARD

Consideration Shares

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent as set out in the paragraph headed “Conditions precedent” below, the Company shall allot and issue 233,000,000 Consideration Shares to the Vendor (and/or its nominee(s)) at the Issue Price to satisfy the Consideration on Completion.

The Issue Price of HK\$0.141 per Consideration Share represents:

- (i) a discount of approximately 21.67% to the closing price of HK\$0.180 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 9.03% to the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on the date of the Supplemental Agreement;
- (iii) a discount of approximately 17.35% to the average closing price of HK\$0.1706 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Supplemental Agreement;
- (iv) a premium of approximately 0.71% over the closing price of HK\$0.140 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (v) a premium of approximately 0.71% over the average closing price of HK\$0.140 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (vi) a discount of approximately 24.60% to the unaudited net asset value attributable to the Shareholders of approximately HK\$0.187 per Share as at 30 June 2021 (based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$179,368,000 as at 30 June 2021 and 960,000,000 Shares in issue as at 30 June 2021).

The 233,000,000 Consideration Shares represent (i) approximately 24.27% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 19.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming no change in number of issued Shares from the Latest Practicable Date and up to the Completion Date).

The Consideration Shares are to be issued by the Company under the Specific Mandate to be sought from the Independent Shareholders at the EGM. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

The Issue Price was determined after arm’s length negotiation between the Company and the Vendor after taking into account the prevailing market price of the Shares. The Directors consider that the Issue Price is fair and reasonable.

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

LETTER FROM THE BOARD

Conditions precedent

Completion is conditional upon and subject to the following conditions having been fulfilled or waived (as the case may be):

- (i) the Company being satisfied with the results of the due diligence review on the Target Group to be conducted in accordance with the terms and conditions of the Sale and Purchase Agreement;
- (ii) the Vendor being satisfied with the results of the due diligence review on the Group to be conducted in accordance with the terms and conditions of the Sale and Purchase Agreement;
- (iii) all necessary consents, licences and approvals required to be obtained on the part of the Vendor, the Target Company and RSL (if applicable) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iv) all necessary consents, licences and approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (v) the passing by the Independent Shareholders at the EGM to be convened and held in accordance with the requirements of the GEM Listing Rules, of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares under the Specific Mandate, as applicable;
- (vi) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Consideration Shares;
- (vii) the warranties provided by the Vendor remaining true and accurate and not misleading in all material respects; and
- (viii) the warranties provided by the Company remaining true and accurate and not misleading in all material respects.

The Company may at its absolute discretion at any time waive in writing any of the conditions (i) and (vii) above and such waiver may be made subject to such terms and conditions as are determined by the Company. The Vendor may at its absolute discretion at any time waive in writing any of the conditions (ii) and (viii) above and such waiver may be made subject to such terms and conditions as are determined by the Vendor. All other conditions are incapable of being waived.

The Vendor shall procure RSL, as assisted by the Company, to notify the SFC, in relation to the change of substantial shareholder of RSL contemplated under the Sale and Purchase Agreement within seven (7) Business Days from Completion at the costs and expenses of RSL. If the conditions above have not been satisfied (or as the case may be, waived by the Company or the Vendor (as the case may be)) at or before 4:00 p.m. on the

LETTER FROM THE BOARD

Long Stop Date, the Sale and Purchase Agreement shall cease and be terminated, and thereafter neither parties to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the conditions above has been fulfilled.

Profit Guarantee

The Vendor irrevocably and unconditionally warrants and guarantees to the Company (or its nominee) that the profit after tax of RSL to be reported in accordance with HKFRS as shown in its audited financial statements for the year ending 31 March 2022 (the “**Guaranteed Period**”), excluding any extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, issued by the Auditors will not be less than HK\$15,500,000 (the “**Guaranteed Profits**”).

The amount of the Guaranteed Profits was determined after arm’s length negotiations between the Company and the Vendor with reference to, among other things, (i) the prospects and development potential of the Target Group; and (ii) the current economic environment.

As security for the performance of the obligations of the Vendor, the Vendor and the Company shall jointly appoint the Escrow Agent to act as the escrow agent and to hold the share certificate(s) in relation to the Consideration Shares on and subject to the terms and conditions under the Escrow Letter and the Option Deed.

Period-end Profits

If the Unaudited Period-end Profits as shown in any Period-end Management Accounts excluding extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, shall exceed the amount of the Guaranteed Profits Plus Estimated Operating Expenses, the Vendor shall have the right (but not the obligation) to request the Auditors to prepare an audit on such Period-end Management Accounts, and to certify the Audited Period-end Profits as shown in such audited financial statements of RSL for the Reporting Period (the “**Audited Period-end Financial Statements**”).

“**Guaranteed Profits Plus Estimated Operating Expenses**” mean the aggregate sum of (i) the amount of the Guaranteed Profits, and (ii) the Estimated Monthly Operating Expenses in respect of RSL for the Remaining Guaranteed Period, which is equivalent to “A” below and shall be calculated as follows:

$$A = B + (C \times D)$$

Where B = HK\$15,500,000, being the amount of the Guaranteed Profits

C = the Estimated Monthly Operating Expenses

D = the number of calendar months within the Remaining Guaranteed Period

LETTER FROM THE BOARD

If the actual Audited Period-end Profits reported in accordance with HKFRS, excluding extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, shall be equal to or exceed the amount of the Guaranteed Profits Plus Estimated Operating Expenses, the Guaranteed Profits will be deemed to have been fulfilled, and the Vendor and the Company shall jointly procure the Escrow Agent to release the share certificate(s) for the 233,000,000 Consideration Shares which are held in escrow by the Escrow Agent to the Vendor within three (3) Business Days from the date of receipt by the Escrow Agent of such audited financial statements of RSL for the Reporting Period from the Auditors. If the Audited Period-end Profits as shown in the Audited Period-end Financial Statements is less than the amount of the Guaranteed Profits Plus Estimated Operating Expenses, the share certificate(s) for the 233,000,000 Consideration Shares shall continue to be held in escrow by the Escrow Agent, and the Put and Repurchase Option under the Option Deed is not exercisable unless and until the Audited Full-Year Profits are ascertained.

In the event that a request for the preparation of the Audited Period-end Financial Statements is made by the Vendor, the Vendor and the Company shall procure that the Audited Period-end Financial Statements shall be prepared and reported on by the Auditors in accordance with HKFRS by the date falling three months after the date to which the Period-end Management Accounts have been made up and the Auditors shall issue the Audited Period-end Financial Statements and deliver the same to the Vendor and the Company within three Business Days (or such longer period as the Vendor and the Company may agree) from the issue date of the Audited Period-end Financial Statements.

Full-Year Profits

Provided that no share certificate(s) has/have been released by the Escrow Agent to the Vendor as disclosed above, if the profit after tax of RSL reported in accordance with HKFRS for the Guaranteed Period (the “**Audited Full-Year Profits**”) as shown in the audited financial statements of RSL for the Guaranteed Period (the “**Audited Full-Year Financial Statements**”) prepared, excluding any extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, shall be equal to or exceed the amount of the Guaranteed Profits, the Vendor and the Company shall jointly procure the Escrow Agent to release the share certificate(s) for the 233,000,000 Consideration Shares, which are held in escrow by the Escrow Agent to the Vendor within three (3) Business Days from the date of receipt by the Escrow Agent of such audited financial statements from the Auditors.

If the Audited Full-Year Profits, excluding any extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, is less than the Guaranteed Profits, the Put and Repurchase Option may be exercised by the Company, subject to and upon the terms of the Option Deed. In the event of occurrence of such Triggering Event, it is the Company’s intention to exercise the Put and Repurchase Option subject to and upon the terms of the Option Deed.

LETTER FROM THE BOARD

The Vendor shall procure that the Audited Full-Year Financial Statements be prepared and reported on by the Auditors in accordance with HKFRS by the date falling three months after the end of the Guaranteed Period, and the Auditors shall issue the Audited Full-Year Financial Statements and deliver the same to the Vendor and the Company within three Business Days (or such longer period as the Vendor and the Company may agree) from the issue date of the Audited Full-Year Financial Statements.

Assessment on the achievability of the Guaranteed Profits

In assessing the feasibility for RSL to achieve the Guaranteed Profits, the Board has reviewed the profit forecast of RSL for the year ending 31 March 2022 (the “**Profit Forecast**”) and discussed with the Vendor on the basis of preparation and the underlying assumptions. Based on the Profit Forecast, the Board noted that the total expected revenue comprises (i) the underwriting commission income expected to be generated from the engagements sponsored by RCL (the “**RCL Driven Revenue**”) of approximately HK\$16.8 million, representing approximately 71.8% of the total expected revenue of RSL; and (ii) the placing/underwriting commission expected to be generated from the engagements secured by RSL (the “**Other Placing/Underwriting Commission**”) of approximately HK\$6.6 million, representing approximately 28.2% of the total expected revenue of RSL. According to the Vendor, RSL is expected to act as the underwriter of (i) one fund-raising exercise which was in progress as at the Latest Practicable Date; and (ii) four initial public offering exercises, of which listing applications were submitted to the Stock Exchange in 2021 (altogether, the “**Engagements Associated with RCL**”). The RCL Driven Revenue is determined with reference to (a) the expected underwriting commitment of the Engagements Associated with RCL; (b) the historical commission rates of similar engagements charged by RSL; and (c) the expected success rate of the Engagements Associated with RCL. In addition, the Other Placing/Underwriting Commission is determined with reference to the historical placing/underwriting commission generated from the engagements secured by RSL itself without the participation of RCL. To come up with the amount of the forecasted profits of RSL for the year ending 31 March 2022 (the “**Forecasted Profits**”), the expected revenue as detailed above is then deducted by (i) the expected administrative and other operating expenses for the year ending 31 March 2022, which is estimated based on the actual administrative and other operating expenses incurred by RSL for the year ended 31 March 2021; and (ii) the projected income tax expense.

After reviewing the Profit Forecast together with the relevant supporting documents and the discussion with the Vendor on the basis of preparation and the underlying assumptions, the Board believes that the Guaranteed Profits, which was determined under due and careful consideration and after arm’s length negotiations between the Company and the Vendor with reference to the Forecasted Profits, will likely be met by RSL for the Guaranteed Period.

LETTER FROM THE BOARD

In assessing the fairness and reasonableness of the Profit Guarantee arrangement, the Board has taken into account, among other things, the following:

- (i) the Profit Guarantee provided by the Vendor in favour of the Company serves as an additional protection to the Shareholders' interests under the Acquisition without having to incur any extra costs on the part of the Group; and
- (ii) the Company has the right to exercise the Put and Repurchase Option if the Guaranteed Profits cannot be met.

Based on the foregoing, the Board considered that the Profit Guarantee arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will comply with the disclosure requirements under Rule 19.36B of the GEM Listing Rules as to whether the actual performance of RSL meets the Profit Guarantee in the next annual report as well as the disclosure requirements under Rule 20.61 of the GEM Listing Rules if RSL fails to meet the Profit Guarantee.

Completion

Completion shall take place on the date falling on the third Business Day after the fulfillment (or waiver) of the conditions precedent set out above, or such other date as the Vendor and the Company may agree in writing.

Upon Completion, the Target Company shall be owned as to 75% and 25% by the Vendor and the Company, respectively. As such, the Target Company will be accounted for as an associate company of the Company.

THE OPTION DEED

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Company (or its nominee) and the Vendor shall upon Completion enter into the Option Deed in relation to the Put and Repurchase Option. Set out below is a summary of the proposed principal terms of the Option Deed:

Put and Repurchase Option

The Vendor irrevocably grants the Company (or its nominee, as the case may be) the option (the "**Put and Repurchase Option**") to (i) sell all the Option Shares to the Vendor and require the Vendor to purchase all the Option Shares from the Company (or its nominee, as the case may be) at the Put Option Price; and (ii) repurchase all the Repurchase Shares from the Vendor and require the Vendor to sell all the Repurchase Shares at the Repurchase Price within the period commencing from the issue date of the Audited Full-Year Financial Statements (the "**Put Option Designated Date**") and ending on a date falling 60 calendar days from the Put Option Designated Date (the "**Put Option Exercise Period**") if the Audited Full-Year Profits, excluding extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, as shown in the Audited Full-Year Financial Statements is less than the Guaranteed Profits (the "**Triggering Event**"), subject to the fulfillment of the conditions precedent set out in the paragraph headed "Conditions precedent to the Option Deed" below.

LETTER FROM THE BOARD

Upon the occurrence of the Triggering Event, the Company (or its nominee, as the case may be) may exercise the Put and Repurchase Option by serving a notice in writing on the Vendor and the Escrow Agent (the “**Put and Repurchase Option Notice**”) at any time during the Put Option Exercise Period. The Put and Repurchase Option Notice served by the Company (or its nominee, as the case may be) shall be in respect of all the Option Shares issued to the Company (or its nominee, as the case may be) and not part only, otherwise the Put and Repurchase Option Notice is void ab initio.

Consideration of the Option Shares and Repurchase Shares

The aggregate consideration payable by the Vendor to the Company in respect of the sale and purchase of the Option Shares shall be HK\$32,853,000 (the “**Put Option Price**”), which shall be satisfied by the Vendor at Option Completion by way of transfer of the Repurchase Shares to the Company at the Repurchase Price.

The aggregate consideration payable by the Company to the Vendor for the sale and repurchase of the Repurchase Shares shall be HK\$32,853,000 (the “**Repurchase Price**”), which shall be satisfied by the Company at Option Completion by way of transfer of the Option Shares to the Vendor at the Put Option Price.

The consideration for the sale and purchase of the Option Shares and that for the sale and repurchase of the Repurchase Shares shall be set off against each other at Option Completion.

Conditions precedent to the Option Deed

Option Completion is conditional upon the following:

- (i) all necessary consents and approvals required to be obtained on the part of each of the Company and the Vendor under applicable laws and regulations, including the GEM Listing Rules, the Repurchase Code and the Takeovers Code, in respect of the exercise of the Put and Repurchase Option, the Share Repurchase and the transactions contemplated thereunder having been obtained;
- (ii) if applicable, the passing by the Independent Shareholders at the EGM to be convened and held of the necessary resolution(s), including the ordinary resolution to approve the Whitewash Waiver, by way of poll in accordance with the requirements of the Takeovers Code, the GEM Listing Rules and other applicable laws and regulations; and
- (iii) if applicable, the grant of a waiver (the “**Whitewash Waiver**”) in respect of the obligation of the Concert Parties to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Concert Parties as a result of the deemed acquisition in voting rights caused by the Share Repurchase in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code.

LETTER FROM THE BOARD

All of the conditions above are incapable of being waived. If the conditions set out above have not been satisfied on or before 4:00 p.m. on the date falling on the expiry of six months after the date of service of the Put and Repurchase Option Notice by the Company on the Vendor, or such later date as the Vendor and the Company may agree in writing, the Option Deed shall cease and be terminated, and the Company and the Vendor shall negotiate in good faith towards one another in ensuring that a settlement agreement be entered into as soon as possible and thereafter, neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Option Completion

Upon compliance with or fulfillment of all the conditions to the Option Deed, the Option Completion shall take place on the date falling five Business Days after the fulfillment of the conditions precedent to the Option Deed (or such other date as the parties thereto may agree).

Immediately after Option Completion, the Company shall cancel the Repurchase Shares and any rights attached thereto shall cease with effect from the date of Option Completion. By delivering the certificate(s) of the Repurchase Shares to the Company on Option Completion, the Vendor agrees and confirms that it irrevocably authorises the Company to take any actions as are necessary, desirable or expedient for the cancellation of the Repurchase Shares and acknowledges that it will cease to have any rights to or interests in the Repurchase Shares with effect from the date of Option Completion.

In the event of the occurrence of the Triggering Event but that the Company does not exercise its rights to exercise the Put and Repurchase Option during the Put Option Exercise Period, the Option Deed shall cease and be terminated, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

THE SHAREHOLDERS' AGREEMENT

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Company (or its nominee), the Vendor and the Target Company shall upon Completion enter into the Shareholders' Agreement setting out terms and conditions regulating the relationship between the Target Company and its shareholders and the manner in which the affairs of the Target Group are to be regulated after Completion. Set out below is a summary of some of the proposed principal terms of the Shareholders' Agreement:

Board composition and board resolutions

Unless otherwise agreed in writing by all the shareholders of the Target Company, the board of directors of the Target Company shall comprise three (3) directors, of whom (i) two (2) directors shall be appointed or removed at the request of the Vendor by written notice to the Target Company; and (ii) one (1) director shall be appointed or removed at the request of the Company by written notice to the Target Company.

LETTER FROM THE BOARD

No business shall be transacted at any board meeting unless a quorum of directors is present at the commencement of and throughout the meeting. The quorum for a meeting of the board of directors of the Target Company shall be two (2) directors present in person in which at least one (1) of them must be the director nominated by the Company or his/her alternate for the time being.

Save for matters requiring unanimous consent (including but not limited to, the creation or issue of shares or grant of options of the Target Company; the capitalisation, repayment or other form of distribution; participating in or agreeing to propose in any action of closure, termination or dissolution of the Target Company; and the material change in the nature or the scope of business of the Target Company), matters arising in any board meeting shall be decided by a majority of votes. In the event of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

Restriction on transfer

If any shareholder of the Target Company proposes to transfer any shares of the Target Company to a third party, the other shareholder(s) of the Target Company shall have the right of first refusal to purchase such shares. Notwithstanding the aforementioned, the shareholders of the Target Company shall be permitted at any time to make a transfer of all (but not part) of the shares of the Target Company held by them to their associates.

Pre-emption on issue of shares

The Target Company grants to each of its shareholders a right to purchase up to a pro rata share of any new shares that the Target Company may, from time to time, propose to sell and issue. In the event that none of its shareholders has exercised its pre-emptive right, the Target Company may sell any new shares at a price and upon terms no more favourable to the purchasers thereof than that offered to its existing shareholders.

PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR

It is proposed that upon Completion, Mr. Tsang Kin Hung, who is the controlling shareholder and sole director of the Target Company, will be appointed as an executive Director. The Appointment has been approved by the nomination committee of the Board and the Board, subject to Completion, in accordance with the internal procedures of the Company.

Mr. Tsang, aged 57, has over 20 years of experience working and participating in finance market in Hong Kong. He served as a responsible officer at SinoPac Securities (Asia) Limited to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO from April 2003 to August 2003, as well as Type 6 (advising on corporate finance) regulated activity from April 2003 to July 2005, from August 2010 to February 2011 and from September 2011 to June 2012. He was also a responsible officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO at Fubon Capital (HK) Limited from November 2005 to January 2007. He is currently the controlling shareholder and director of the Vendor, namely RaffAello Holdings Limited, being an investment holding company with its operating subsidiaries, namely RSL, RCL and RaffAello Investment Management (HK) Limited, principally

LETTER FROM THE BOARD

engaged in the provision of (i) corporate finance advisory services; (ii) placing and underwriting services; (iii) securities dealing and brokerage services, and (iv) assets management services. He has been the responsible officer of RCL to carry out Type 6 (advising on corporate finance) regulated activity under the SFO since July 2012. Mr. Tsang obtained a diploma in Chinese law from the University of East Asia, Macau (currently known as the City University of Macau) in April 1990, and was admitted as an associate of the Chartered Institute of Arbitrators in March 1994.

Mr. Tsang will enter into a service agreement with the Company for a term of three years commencing from the date of appointment provided that at any time during the term of appointment, either party may terminate the appointment by giving to the other not less than three months' notice in writing. His appointment is subject to retirement by rotation and re-election at the next following annual general meeting in accordance with the articles of association of the Company and the GEM Listing Rules. The emolument of Mr. Tsang shall be HK\$30,000 per month, which has been determined by the remuneration committee of the Board and approved by the Board, subject to Completion, with reference to his duties and responsibilities, experience, time commitment, performance of the Group as well as the remuneration benchmark in the industry and the prevailing market conditions.

As disclosed above, Mr. Tsang is currently a director of the Vendor. Upon Completion, an aggregate of 233,000,000 Consideration Shares, representing approximately 19.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming no change in the number of issued Shares from the Latest Practicable Date and up to the Completion Date), shall be allotted and issued to the Vendor. As such, Mr. Tsang will become a director of a substantial shareholder of the Company (i.e. the Vendor) upon Completion.

As at the Latest Practicable Date, Mr. Tsang (i) does not have, or is not deemed to have, any interest in the Shares within the meaning of Part XV of the SFO other than the Consideration Shares to be issued by the Company to the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement; (ii) does not have any relationship with other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company; (iii) has not held any positions with the Company or other members of the Group; and (iv) has not held other directorships in any other public companies the securities of which are listed on the Stock Exchange or any other securities market in Hong Kong or overseas in the last three years.

Save as disclosed above, Mr. Tsang confirmed that, as at the Latest Practicable Date, there was no other information to be disclosed pursuant to any of the requirements of Rule 17.50(2) of the GEM Listing Rules (particularly in relation to subparagraphs (h) to (v) therein) nor were there any other matters that need to be brought to the attention of the Shareholders relating to the Appointment.

The Company will make announcement(s) upon formal appointment of Mr. Tsang as an executive Director.

LETTER FROM THE BOARD

PROPOSED CHANGE OF COMPANY NAME

In connection with the Acquisition, the Board proposes to change the existing English name of the Company from “Astrum Financial Holdings Limited” to “RaffAello-Astrum Financial Holdings Limited” and to dispense with the existing dual foreign name in Chinese of the Company, being “阿仕特朗金融控股有限公司”.

Conditions for the Change of Company Name

The Change of Company Name is subject to the following conditions:

- (i) the passing by the Independent Shareholders at the EGM to be convened and held in accordance with the requirements of the GEM Listing Rules, of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares;
- (ii) the passing of a special resolution by the Independent Shareholders to approve the Change of Company Name at the EGM; and
- (iii) the Registrar of Companies in the Cayman Islands granting approval for the Change of Company Name by issuing a certificate of incorporation on change of name.

Subject to the satisfaction of the conditions set out above, the Change of Company Name will take effect from the date on which the certificate of incorporation on change of name is issued by the Registrar of Companies in the Cayman Islands. Thereafter, the Company will carry out all necessary filing procedures with the Companies Registry in Hong Kong and the Registrar of Companies in the Cayman Islands.

Reasons for the Change of Company Name

The Board considers that the Change of Company Name will better reflect the business nature of the Group upon Completion. The Board believes that the new name will better reflect the identity of the Group which will benefit the Group’s future business development and is in the interests of the Company and the Shareholders as a whole.

Effect of the Change of Company Name

The Change of Company Name will not affect any of the rights of the Shareholders and the trading of the Shares on the Stock Exchange. After the Change of Company Name has become effective, any new issue of share certificates of the Company will be issued in the new English name of the Company. All existing share certificates of the Company in issue bearing the existing name of the Company will, after the Change of Company Name has become effective, continue to be valid evidence of title to the Shares and will continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangements for free exchange of the existing share certificates of the Company for new share certificates bearing the new name of the Company.

LETTER FROM THE BOARD

Subject to the confirmation of the Stock Exchange, the English and Chinese stock short name of the Company for trading of the Shares on the Stock Exchange will also be changed after the Change of Company Name has become effective.

The Company will make announcement(s) to inform the Shareholders of the poll results of the special resolution, the effective date of the Change of Company Name and other relevant changes as and when appropriate.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the Latest Practicable Date and up to the Completion Date, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion.

Shareholders	As at the Latest Practicable Date		Immediately upon Completion	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Autumn Ocean Limited ("Autumn Ocean") ^(Note 1)	532,685,000	55.49%	532,685,000	44.65%
Vendor ^(Note 2)	—	—	233,000,000	19.53%
Public Shareholders	<u>427,315,000</u>	<u>44.51%</u>	<u>427,315,000</u>	<u>35.82%</u>
Total	<u>960,000,000</u>	<u>100%</u>	<u>1,193,000,000</u>	<u>100%</u>

Notes:

1. Autumn Ocean is a company wholly-owned by Mr. Pan Chik ("Mr. Pan"), being the Chairman, Chief Executive Officer and an executive Director. Mr. Pan is therefore deemed to be interested in all the Shares held by Autumn Ocean by virtue of the SFO.
2. As security for the performance of the obligations of the Vendor in respect of the Profit Guarantee, the Vendor and the Company shall jointly appoint the Escrow Agent to act as the escrow agent and to hold the share certificates in relation to the Consideration Shares on and subject to the terms and conditions under the Escrow Letter. For details of the arrangement, please refer to the section headed "The Sale and Purchase Agreement — Profit Guarantee" in this circular.
3. Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, the Target Company is wholly-owned by the Vendor.

LETTER FROM THE BOARD

RSL is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company. It is a corporation licensed to carry out Type 1(dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO.

Financial information of the Target Group

Set out below is the financial information of the Target Group:

Financial information of the Target Company based on unaudited financial statements for the three years ended 31 March 2021:

	For the year ended 31 March		
	2019 (HK\$'000)	2020 (HK\$'000)	2021 (HK\$'000)
Revenue	—	—	—
Loss before taxation	— (Note)	— (Note)	— (Note)
Loss after taxation	— (Note)	— (Note)	— (Note)

	As at 31 March		
	2019 (HK\$'000)	2020 (HK\$'000)	2021 (HK\$'000)
Total assets	— (Note)	— (Note)	— (Note)
Net assets	— (Note)	— (Note)	— (Note)

Note: the amount is less than HK\$1,000.

LETTER FROM THE BOARD

Financial information of RSL based on audited financial statements for the three years ended 31 March 2021:

	For the year ended 31 March		
	2019 (HK\$'000)	2020 (HK\$'000)	2021 (HK\$'000)
Revenue	10,819	13,567	522
Profit/(loss) before taxation	3,234	9,281	(3,116)
Profit/(loss) after taxation	2,757	7,993	(3,116)

	As at 31 March		
	2019 (HK\$'000)	2020 (HK\$'000)	2021 (HK\$'000)
Total assets	19,537	34,550	20,692
Net assets	11,604	19,597	16,480

Impact of COVID-19 pandemic on the Target Group's business

As a result of the COVID-19 pandemic and the corresponding precautionary measures, including social distancing measures as well as general cross-border and international travel restrictions, the Target Group has encountered difficulties in conducting physical face-to-face marketing and pitching activities and events since early 2020. Such difficulties had significantly affected the revenue of RSL for the year ended 31 March 2021, which dropped to a five-year low of approximately HK\$0.5 million.

Despite the social distancing measures and the gathering restrictions currently in force in Hong Kong, the Target Group has sought to mitigate the impact on physical marketing activities of RSL by making use of alternative means, such as tele-conferencing and video-conferencing. Moreover, RSL has tactically limited the number of staff possessing the relevant experience and expertise to attend physical marketing activities in compliance with the prevailing gathering restrictions in Hong Kong.

Recent development of the Target Group

Since April 2021 and up to the Latest Practicable Date, RSL has completed the underwriting of the rights issue of Golden Power Group Holdings Limited (Stock Code: 3919), received and recognised the revenue of approximately HK\$2.8 million in this regard, which led to the year-to-date results of operation profitable. The recent relocation of the office of the Target Group would also potentially reduce the annual rent by approximately HK\$0.9 million, thereby reducing the overall operating cost.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 two executive Directors, namely Mr. Pan Chik (“**Mr. Pan**”) and Mr. Kwan Chun Yee Hidulf, together with the ultimate beneficial owner of the Vendor, Mr. Tsang, have known each other for long as they are veterans in the Hong Kong financial markets. In late 2020 during a social occasion, Mr. Pan and Mr. Tsang casually explored the possibilities of cooperation and/or collaboration between the two brands “Astrum” and “RaffAello”. In the following two months, Mr. Pan and Mr. Tsang reached a consensus on the direction of merger of RSL into the Company. Since March 2021, the two executive Directors have commenced negotiations with Mr. Tsang on the terms of the possible acquisition and concurrently the Company has conducted due diligence on the Target Group. The independent non-executive Directors have also been informed and updated of the progress of the possible acquisition from March to July 2021. The terms of the Sale and Purchase Agreement were subsequently agreed on 6 July 2021 and amended and supplemented by the Supplemental Agreement on 15 July 2021.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners have no relationship with the Company and its connected persons.

In assessing whether the Acquisition is in the interests of the Company and the Shareholders as a whole, the Board has performed the following works done for due diligence purposes, including but not limited to (i) reviewing the constitutional documents, shareholding structure, business registration certificate and the SFC licensing status of RSL; (ii) reviewing the audited financial statements of RSL for the three years ended 31 March 2021 and the unaudited financial statements of RSL for the four months ended 31 July 2021; (iii) discussing with the Vendor on the business operation of RSL and RCL such as the number of ongoing engagements, the progress and status of such engagements and their respective expected timetables; (iv) reviewing the profit forecast of RSL for the year ending 31 March 2022 and discussing with the Vendor on the basis of preparation and the underlying assumptions; (v) reviewing the qualifications and relevant experience of the management team of RSL; (vi) reviewing the Valuation Report and the underlying valuation methodology and assumptions and discussing the details of the same with the Valuer; and (vii) discussing with the Vendor on the prospects and development potential of RSL and the potential synergies to be realised from the Acquisition.

The Board considers that the Acquisition offers the Group an invaluable opportunity to closely collaborate with RSL in the placing and underwriting business. Being a fellow subsidiary of RCL, a licensed corporation principally engaged in new listing sponsorship, RSL takes part in the placing and/or underwriting business of those IPO projects sponsored by RCL.

LETTER FROM THE BOARD

For the three years ended 31 March 2021, RSL took part in underwriting for two, one and nil successful new listings sponsored by RCL, respectively, and the revenue contributed to RSL driven by RCL under the IPO project partnership arrangement amounted to approximately HK\$6.7 million, HK\$4.5 million and nil, respectively, representing approximately 62.0%, 33.2% and nil of the total revenue of RSL, respectively.

The Directors believe that the Group could leverage on the IPO project partnership arrangement between RSL and RCL, which is expected to continue after the Acquisition, to further expand the IPO placing and underwriting business carried on by the Group through potential placing and underwriting opportunities offered by RSL and RCL.

Upon Completion, the Vendor will become the second largest Shareholder and Mr. Tsang will be appointed as an executive Director. The Directors believe that, by being a Director and the second largest Shareholder, Mr. Tsang's interest will be aligned with that of the Group and he will therefore have an incentive to make contribution towards the business development of the Group and act in the best interest of the Group. As such, the Board considers that the introduction of the Vendor as the second largest Shareholder is in the interests of the Company and the Shareholders as a whole.

The allotment and issue of the Consideration Shares by the Company to satisfy the Consideration will have a potential dilution effect on the shareholding of the existing Shareholders. Despite the potential dilution impact of the Shareholders, taking into consideration that the allotment and issue of the Consideration Shares would settle the Consideration without immediate significant cash outlay of the Group thereby reserving financial resources of the Group for development of its business and the benefits discussed above, the Directors consider that the potential dilution effect on the shareholding of the Shareholders is justifiable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

In light of the above, the Directors (including the independent non-executive Directors having taken into account the advice of the Independent Financial Adviser) consider that the terms of the Sale and Purchase Agreement (including the Consideration and the Issue Price) are fair and reasonable and the entering into of the Sale and Purchase Agreement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

It is contemplated that upon completion of the Acquisition under the Sale and Purchase Agreement, the Target Company will be owned as to 75% and 25% by the Vendor and the Company, respectively. Taking into account, among others, (i) the Issue Price of HK\$0.141 per Consideration Share remains unchanged under the Supplemental Agreement; (ii) the Target Company will remain to be accounted for as an associate company of the Company upon Completion; and (iii) the factors as set out in the section headed "Reasons for and benefits of the Acquisition" in this circular, the Directors (including the independent non-executive Directors having taken into account the advice of the Independent Financial Adviser) consider that the terms of the Supplemental Agreement

LETTER FROM THE BOARD

(including the Consideration and the Issue Price) are fair and reasonable and the entering into of the Supplemental Agreement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Acquisition

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Acquisition under the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Further, as Mr. Tsang, who is a controlling shareholder and sole director of the Target Company, will be nominated as an executive Director and may become a controller of the Company (as defined under the GEM Listing Rules) as a result of the Acquisition (subject to the Independent Shareholders' approval at the EGM), the Acquisition constitutes a connected transaction on the part of the Company pursuant to Rule 20.26 of the GEM Listing Rules. As such, the Acquisition is subject to the notification, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate. The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

None of the Directors has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the allotment and issue of the Consideration Shares under the Specific Mandate), the Appointment and the Change of Company Name, and therefore no Director is required to abstain from voting on the relevant resolutions of the Board.

Put and Repurchase Option

The Put and Repurchase Option is proposed to be exercisable at the Company's discretion, and constitutes an "option" under Chapters 19 and 20 of the GEM Listing Rules.

Pursuant to Rule 19.73 of the GEM Listing Rules, the exercise of the Put and Repurchase Option by the Company will be treated as a transaction and classified by reference to percentage ratios.

Upon Completion, an aggregate of 233,000,000 Consideration Shares, representing approximately 19.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming no change in the number of issued Shares from the Latest Practicable Date and up to the Completion Date), shall be

LETTER FROM THE BOARD

allotted and issued to the Vendor. The Vendor shall therefore become a substantial shareholder of the Company and a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.77 of the GEM Listing Rules, the non-exercise of the Put and Repurchase Option will be classified as if the Put and Repurchase Option is exercised. As such, both the exercise and non-exercise of the Put and Repurchase Option shall constitute a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

The Company will, upon the exercise or non-exercise of the Put and Repurchase Option, comply with the applicable reporting, announcement and independent Shareholders' approval requirements under Chapters 19 and 20 of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Sum Loong, Mr. Lee Tak Cheung Vincent and Mr. Lau Hon Kee, being all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Consideration Shares), although not in the ordinary and usual course of business of the Group, are fair and reasonable; on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and on how to vote.

The Independent Financial Advisor has been appointed with approval of the Independent Board Committee to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in the same regard. Your attention is drawn to the Letter from Vinco Capital set out on pages IFA-1 to IFA-30 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

EGM

The EGM will be convened and held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Thursday, 23 September 2021 at 11:00 a.m. for the Independent Shareholders to consider and, if thought fit, to approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the Acquisition and the allotment and issue of the Consideration Shares under the Specific Mandate); (ii) the Appointment; and (iii) the Change of Company Name.

A notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to 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 as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. no later than 11:00 a.m. on Tuesday, 21 September 2021) or any adjournment thereof (as the case may be). Completion and return of the form of proxy

LETTER FROM THE BOARD

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 wish, and in such event, the form of proxy shall be deemed to be revoked.

The voting in respect of the Acquisition, the Appointment and the Change of Company Name at the EGM will be conducted by way of poll.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders or any of their associates have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the allotment and issue of the Consideration Shares under the Specific Mandate), the Appointment and the Change of Company Name, and therefore no Shareholder is required to abstain from voting on the relevant resolutions at the EGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Thursday, 23 September 2021, on which no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms 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 not later than 4:30 p.m. on Tuesday, 21 September 2021.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee on pages IBC-1 to IBC-2 of this circular and the letter from Vinco Capital, the text of which is set out on pages IFA-1 to IFA-30 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the issue of the Consideration Shares) and the principal factors considered by it in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the allotment and issue of the Consideration Shares) to be fair and reasonable, on normal commercial terms so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the allotment and issue of Consideration Shares).

LETTER FROM THE BOARD

The Board (including the independent non-executive Directors) considers that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the allotment and issue of the Consideration Shares), the Appointment and the Change of Company Name are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of all the resolutions as set out in the notice of the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

Completion is subject to the fulfillment of the conditions precedent set out in the Sale and Purchase Agreement and therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Yours faithfully,
For and on behalf of the Board
Astrum Financial Holdings Limited
Pan Chik
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.



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)

7 September 2021

To the Independent Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF 25% ISSUED SHARE
CAPITAL OF RS (BVI) HOLDINGS LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE;
(2) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR;
(3) PROPOSED CHANGE OF COMPANY NAME**

We refer to the circular of the Company dated 7 September 2021 (the “**Circular**”), of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in relation to the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM, taking into account the recommendations of the Independent Financial Adviser. Vinco Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board as set out on pages 9 to 33 of the Circular, and the letter from Vinco Capital to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of whether the terms of the Sale and Purchase Agreement are fair and reasonable, whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and the Independent Shareholders on how to vote.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages IFA-1 to IFA-30 of the Circular, we are of the opinion that the Sale and Purchase Agreement and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are on normal commercial terms, are in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

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

Mr. Sum Loong
*Independent non-executive
Director*

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

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

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular:



Vinco Capital Limited
Unit 2610, 26/F., The Center 99
Queen's Road Central, Hong Kong

7 September 2021

*To the Independent Board Committee and the Independent Shareholders of
Astrum Financial Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 25% ISSUED SHARE CAPITAL OF RS (BVI) HOLDINGS LIMITED INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” of the circular issued by the Company dated 7 September 2021 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcements of the Company dated 6 July 2021 and 15 July 2021 (the “**Announcements**”). As set out in the Announcements, the Company, pursuant to the terms of the Sale and Purchase Agreement, the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 25% of the issued share capital of the Target Company for the Consideration of HK\$32,853,000, which shall be satisfied by way of allotment and issue of an aggregate of 233,000,000 Consideration Shares at the Issue Price, credited as fully paid, to the Vendor (and/or its nominee(s)).

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Sum Loong, Mr. Lee Tak Cheung Vincent and Mr. Lau Hon Kee will be established to consider the Acquisition and advise the Independent Shareholders as

LETTER FROM VINCO CAPITAL

to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We, Vinco Capital, have been appointed and have been approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, 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. We were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rule to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Consideration Shares). Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the independent non-executive Directors, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We have not acted as the independent financial adviser to the Company's other transactions during the last two years.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant

LETTER FROM VINCO CAPITAL

material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed all currently available information and documents particularly, (i) the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) entered into between the Company, the Vendor and the Target Company; (ii) the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report 2020**”); (iii) the interim report of the Company for the six months ended 30 June 2021 (the “**Interim Report 2021**”); (iv) the audited reports of RSL, a direct wholly-owned subsidiary of the Target Company, for the three years ended 31 March 2021; and (v) the valuation report on RSL prepared by an independent valuer, which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Acquisition, as referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, we have considered the principal factors and reasons set out below.

LETTER FROM VINCO CAPITAL

I. Information of the parties

Information of the Group

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.

Set out in the table below is the summary of the financial information of the Group as extracted from the Annual Report 2020 and Interim Report 2021:

	For the six months ended		For the year ended	
	30 June		31 December	
	2021	2020	2020	2019
	(unaudited)	(unaudited)	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue				
Revenue from contracts with customers				
— Commission from brokerage services	1,597	1,231	3,009	3,717
— Placing and underwriting commission	1,229	30,400	32,294	31,643
— Corporate finance advisory services fee	1,078	1,015	2,680	4,930
— Fund management and performance fee	1,055	646	2,307	1,289
Revenue from other sources				
— Interest income from securities and initial public offering financing	2,759	2,555	7,558	3,852
Total revenue	7,718	35,847	47,848	45,431
(Loss)/profit attributable to owners of the Company	(8,393)	(411)	(2,121)	12,030

LETTER FROM VINCO CAPITAL

	As at 30 June 2021 (unaudited) <i>HK\$'000</i>	As at 31 December	
		2020 (audited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>
Total asset	695,441	282,578	263,963
Total liabilities	516,073	109,155	80,419
Total equity	179,368	173,423	183,544

With reference to the Annual Report 2020, the revenue of the Group increased by approximately 5.3% from approximately HK\$45.4 million for the year ended 31 December 2019 to approximately HK\$47.8 million for the year ended 31 December 2020. The increase in revenue 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.

The Group recorded a loss attributable to owners of the Company of approximately HK\$2.1 million for the year ended 31 December 2020 from a profit attributable to owners of the Company of approximately HK\$12.0 million for the year ended 31 December 2019. The loss was mainly attributable to the increase in commission expenses from approximately HK\$6.6 million for the year ended 31 December 2019 to approximately HK\$24.5 million for the year ended 31 December 2020.

With reference to the Interim Report 2021, the revenue of the Group decreased by approximately 78.5% from approximately HK\$35.8 million for the six months ended 30 June 2020 to approximately HK\$7.7 million for the six months ended 30 June 2021. The decrease in revenue was mainly attributable to the significant decrease in commission income from placing and underwriting services.

The Group recorded an increase in loss attributable to owners of the Company from approximately HK\$0.4 million for the six months ended 30 June 2020 to approximately HK\$8.4 million for the six months ended 30 June 2021. The increase in loss was mainly attributable to (i) the significant decrease in placing and underwriting commission income as mentioned above; and (ii) the recognition of equity-settled share-based payments, which was offset by the significant decrease commission expenses.

As at 30 June 2021, the total assets of the Group amounted to approximately HK\$695.4 million, representing an increase of approximately 146.1% from HK\$282.6 million as at 31 December 2020. The increase in total assets was mainly attributable to the existence of trade receivables in relation to the subscription of new shares in IPO in the amount of approximately HK\$521.8 million as at 30 June 2021. The total liabilities of the Group amounted to approximately HK\$516.1 million, representing an increase of approximately 372.7% from HK\$109.2

LETTER FROM VINCO CAPITAL

million as at 31 December 2020. The increase in total liabilities was mainly attributable to the IPO staging bank loan for the subscription of new shares in IPO by clients of the Group. Such amount of IPO staging bank loan was fully repaid on or before 7 July 2021.

Information of the Target Company

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. RSL is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company. It is a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO.

Set out below is the financial information of the Target Group based on the unaudited financial statements for the three years ended 31 March 2021:

Financial information of the Target Company

	For the year ended 31 March		
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Revenue	— (Note)	— (Note)	— (Note)
Loss before taxation	— (Note)	— (Note)	— (Note)
Loss after taxation	— (Note)	— (Note)	— (Note)

	As at 31 March		
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Total assets	— (Note)	— (Note)	— (Note)
Net assets	— (Note)	— (Note)	— (Note)

Note: the amount is less than HK\$1,000.

LETTER FROM VINCO CAPITAL

Financial information of RSL

	For the year ended 31 March		
	2021	2020	2019
	(audited)	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	522	13,567	10,819
Profit before taxation	(3,116)	9,281	3,234
Profit after taxation	(3,116)	7,993	2,757

	As at 31 March		
	2021	2020	2019
	(audited)	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	20,692	34,550	19,537
Net assets	16,480	19,597	11,604

As confirmed by the Directors, the revenue of RSL, being a direct wholly-owned subsidiary of the Target Company, was mainly derived from Type 1 (dealing in securities) regulated activities and Type 4 (advising on securities) regulated activities under the SFO.

For the year ended 31 March 2020, RSL recorded an increase in revenue to approximately HK\$13.6 million from approximately HK\$10.8 million for the year ended 31 March 2019. The increase in revenue was mainly attributable to (i) the successful completion of underwriting for one IPO project in November 2019, and (ii) the successful completion of placing for one rights issue project of a listed company in March 2020. RSL recorded an increase in profit after taxation of approximately HK\$8.0 million for the year ended 31 March 2020 from approximately HK\$2.8 million for the year ended 31 March 2019. The increase in profit after taxation was mainly attributable to the increase in revenue as a result of the abovementioned reasons.

For the year ended 31 March 2021, RSL recorded a decrease in revenue to approximately HK\$552,000 from approximately HK\$13.6 million for the year ended 31 March 2020. The decrease in revenue was mainly attributable to the adverse impacts on the economic condition of Hong Kong as a result of the COVID-19 pandemic, leading to a plunge in the placing and underwriting business of RSL. RSL recorded a loss after taxation of approximately HK\$3.1 million for the year ended 31 March 2021 from a profit after taxation of approximately HK\$8.0 million for the year ended 31 March 2020. The loss after

LETTER FROM VINCO CAPITAL

taxation was mainly attributable to the adverse impacts to the placing and underwriting business of RSL as a result of the COVID-19 pandemic as mentioned above.

Based on our discussion with the Directors, we understood that due to the result of the COVID-19 pandemic and the corresponding precautionary measures, including social distancing measures as well as general cross-border and international travel restrictions, the Target Group has encountered difficulties in conducting physical face-to-face marketing and pitching activities and events since early 2020. Such difficulties had significantly affected the revenue of RSL for the year ended 31 March 2021, which dropped to a five-year low of approximately HK\$0.5 million.

As discussed with the Directors, we understood that RSL has completed the underwriting of the rights issue of Golden Power Group Holdings Limited (Stock Code: 3919) since April 2021, and recognised the revenue of approximately HK\$2.8 million in this regard, which led to the year-to-date results of operation profitable. The recent relocation of the office of the Target Group would also potentially reduce the annual rent by approximately HK\$0.9 million, thereby reducing the overall operating cost.

Upon completion of the Acquisition, the Target Company shall be owned as to 75% and 25% by the Vendor and the Company, respectively. As such, the Target Company will be accounted for as an associate company of the Company.

II. Principle terms of the Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date: 6 July 2021 (as amended and supplemented by the Supplemental Agreement on 15 July 2021)

Parties: (i) the Company, as the purchaser;
(ii) the Vendor, as the vendor; and
(iii) the Target Company

The Vendor is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, Mr. Tsang is the controlling shareholder and a director of the Vendor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners (including Mr. Tsang) is an Independent Third Party.

LETTER FROM VINCO CAPITAL

Asset to be acquired:

Pursuant to the terms and conditions of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement), the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 25% of the Target Company.

As at the Latest Practicable Date, the Target Company is wholly-owned by the Vendor.

Consideration:

The consideration is HK\$32,853,000, which shall be satisfied by way of allotment and issue of an aggregate of 233,000,000 Consideration Shares at the Issue Price of HK\$0.141 per Consideration Share, credited as fully paid, to the Vendor (and/or its nominee(s)) upon Completion, and to be delivered to the Vendor subject to the provisions in respect of the paragraph headed “Profit Guarantee” in this section and the section headed “The Option Deed” as disclosed in the Letter from the Board.

The Consideration was determined after arm’s length negotiations between the Company and the Vendor on normal commercial terms, after taking into account, among others (i) the Profit Guarantee provided by the Vendor in respect of the Guaranteed Profits of HK\$15,500,000 for the year ending 31 March 2022 of which the Board considers to be feasible for RSL to achieve, details of which are set out in the paragraph “Profit Guarantee” in this section; (ii) the Put and Repurchase Option which is intended to be exercised by the Company, subject to the terms of the Option Deed, in the event that the Target Group fails to achieve the agreed Guaranteed Profits thereby protecting the interests of the Group; (iii) the preliminary valuation of 25% equity interest in RSL prepared by an independent professional valuer based on market approach; and (iv) other factors as set out in the section headed “Reasons for and benefits of the Acquisition” in the Letter from the Board.

According to the Valuation Report as set out in Appendix I to this circular, the market value of 25% equity interest in RSL as at 30 June 2021 was HK\$33,400,000 (the “**Appraised Value**”). The Consideration represents a discount of approximately 1.64% to the Appraised Value.

Valuation of 25% equity interests in RSL:

The Company engaged Malcolm & Associates Appraisal Limited, an independent professional valuer, to appraise the value of 25% equity interests in RSL based on market approach, details of which are set out in Appendix I to the circular.

LETTER FROM VINCO CAPITAL

In assessing the fairness and reasonableness of the Valuation, the Board has reviewed the Valuation Report and discussed with the Valuer regarding, among other things, the valuation methodology and assumptions adopted, taking into account the operation and financial information of RSL; the status and prospects of the business and industry RSL is participating as well as the following:

- (i) *Achievability of the Guaranteed Profits and multiplication of the forward Guaranteed Profits with historical P/E ratio*

As advised by the Valuer, the adoption of the forward Guaranteed Profits is appropriate in appraising RSL under the market approach.

Based on the factors set out in the paragraph headed “Profit Guarantee — Assessment on the achievability of the Guaranteed Profits” in this section, the Board believes that the Guaranteed Profits, which was determined under due and careful consideration and after arm’s length negotiations between the Company and the Vendor with reference to the Forecasted Profits, will be met by RSL for the Guaranteed Period, and it is therefore fair and reasonable to adopt the Guaranteed Profits in the Valuation.

Taking into account the strong projects pipeline in respect of the IPO projects sponsored by RCL, the Board considers that there would be improvement in the placing and underwriting business of RSL as compared to that in the previous year. As advised by the Vendor, as at the date of Valuation, RSL is expected to act as an underwriter of (i) one fund-raising exercise which was in the preparation stage; and (ii) four initial public offering exercises, of which listing applications were submitted to the Stock Exchange, which would significantly increase the underwriting revenue and profitability of RSL. The adoption of the 2022 forward Guaranteed Profits for the Valuation would therefore better reflect the earning capability of RSL having considered the project pipeline. In contrast, historical earnings of RSL for the year ended 31 March 2021 or the latest twelve months might not fully capture the earning capabilities of RSL as they did not reflect the economic benefits of the projects on hand that were already engaged and under progress as at the date of Valuation.

In addition, the COVID-19 pandemic has brought adverse impacts on the economic condition of Hong Kong, resulting in the plunge in the financial market as well as the placing and underwriting business of RSL. However, given the precautionary measures on the COVID-19 outbreak and the increasing vaccination rate, recovery of the Hong Kong’s economy is expected. To reflect the normal revenue and profit level of RSL in determining its market value, the Board concurs with the view of the Valuer that the forward Guaranteed Profits to be the appropriate value measure in appraising RSL under the market approach.

Based on the above, the Board concurs with the view of the Valuer that the adoption of 2022 forward Guaranteed Profits in assessing the market value of RSL is fair and reasonable.

LETTER FROM VINCO CAPITAL

The Valuer is of the view that the forward Guaranteed Profits represents a future value as at 31 March 2022 and therefore the forward Guaranteed Profits is discounted to a present value as at the date of Valuation using an appropriate discount rate. By adjusting such time value difference, the discounted forward Guaranteed Profits could be multiplied with the historical P/E to derive the market value of RSL.

In light of the above, the Board concurs with the view of the Valuer that it is reasonable to multiply the forward Guaranteed Profits (instead of the historical net profit of RSL) with the historical P/E ratio.

(ii) Fairness and representativeness of Comparable Companies

As disclosed in the Valuation Report, the Valuer selected 11 comparable companies (the “**Comparable Companies**”) based on the following selection criteria:

- (a) the principal activities of the Comparable Companies are located in Hong Kong according to the latest available financial statements;
- (b) as at the date of Valuation, the Comparable Companies are principally engaged in the provision of securities dealing and brokerage services, placing and underwriting services and the related operation;
- (c) the Comparable Companies have positive earnings for the trailing 12 months as stated in the latest available financial statements;
- (d) the Comparable Companies are listed on the Stock Exchange;
- (e) the shares of the Comparable Companies are trading on the Stock Exchange as at the date of Valuation;
- (f) the market capitalisation of the Comparable Companies are less than HK\$10 billion as at the date of Valuation; and
- (g) detailed financial information in respect of the Comparable Companies is available at publicly available sources.

Since the Comparable Companies are listed companies on the Stock Exchange, their scale of operation shall be greater than that of RSL. However, having regard to (a) the industry sector and geographical location of the Comparable Companies, which are in line with that of RSL, (b) the unavailability of financial information of private companies similar to RSL for calculating the price multiples in the Valuation, and (c) the exclusion of comparable companies with market capitalisation exceeding HK\$10 billion as at the date of Valuation from the list of Comparable Companies, the Board concurs with the view of the

LETTER FROM VINCO CAPITAL

Valuer that the Comparable Companies could reflect the recent market trend of the acquisition of licensed corporations similar to RSL, and the list of Comparable Companies is a fair and representative sample.

(iii) Use of discount rate in calculating the present value of the forward Guaranteed Profits

As advised by the Valuer, the discount rate of 6.81% is the weighted average cost of capital of RSL that is used to calculate the present value of the forward Guaranteed Profit as at the date of Valuation of 30 June 2021.

Based on the above, the Board considers that the valuation methodology and the assumptions adopted by the Valuer are fair and reasonable.

Consideration Shares:

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent as set out in the paragraph headed “Conditions precedent” below, the Company shall allot and issue 233,000,000 Consideration Shares to the Vendor (and/or its nominee(s)) at the Issue Price to satisfy the Consideration on Completion.

The Issue Price of HK\$0.141 per Consideration Share represents:

- (i) a discount of approximately 21.67% to the closing price of HK\$0.180 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 9.03% to the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on the date of the Supplemental Agreement;
- (iii) a discount of approximately 17.35% to the average closing price of HK\$0.1706 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Supplemental Agreement;
- (iv) a premium of approximately 0.71% over the closing price of HK\$0.140 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (v) a premium of approximately 0.71% over the average closing price of HK\$0.140 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Sale and Purchase Agreement; and

LETTER FROM VINCO CAPITAL

- (vi) a discount of approximately 24.60% to the unaudited net asset value attributable to the Shareholders of approximately HK\$0.187 per Share as at 30 June 2021 (based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$179,368,000 as at 30 June 2021 and 960,000,000 Shares in issue as at 30 June 2021).

The 233,000,000 Consideration Shares represent (i) approximately 24.27% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 19.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming no change in number of issued Shares from the date of this announcement and up to the Completion Date).

The Consideration Shares are to be issued by the Company under the Specific Mandate to be sought from the Independent Shareholders at the EGM. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

The Issue Price was determined after arm's length negotiation between the Company and the Vendor after taking into account the prevailing market price of the Shares. The Directors consider that the Issue Price is fair and reasonable.

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent:

Completion is conditional upon and subject to the following conditions having been fulfilled or waived (as the case may be):

- (i) the Company being satisfied with the results of the due diligence review on the Target Group to be conducted in accordance with the terms and conditions of the Sale and Purchase Agreement;
- (ii) the Vendor being satisfied with the results of the due diligence review on the Group to be conducted in accordance with the terms and conditions of the Sale and Purchase Agreement;
- (iii) all necessary consents, licences and approvals required to be obtained on the part of the Vendor, the Target Company and RSL (if applicable) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;

LETTER FROM VINCO CAPITAL

- (iv) all necessary consents, licences and approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (v) the passing by the Independent Shareholders at the EGM to be convened and held in accordance with the requirements of the GEM Listing Rules, of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares under the Specific Mandate, as applicable;
- (vi) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares;
- (vii) the warranties provided by the Vendor remaining true and accurate and not misleading in all material respects; and
- (viii) the warranties provided by the Company remaining true and accurate and not misleading in all material respects.

The Company may at its absolute discretion at any time waive in writing any of the conditions (i) and (vii) above and such waiver may be made subject to such terms and conditions as are determined by the Company. The Vendor may at its absolute discretion at any time waive in writing any of the conditions (ii) and (viii) above and such waiver may be made subject to such terms and conditions as are determined by the Vendor. All other conditions are incapable of being waived.

The Vendor shall procure RSL, as assisted by the Company, to notify the SFC, in relation to the change of substantial shareholder of RSL contemplated under the Sale and Purchase Agreement within seven (7) Business Days from Completion at the costs and expenses of RSL. If the conditions above have not been satisfied (or as the case may be, waived by the Company or the Vendor (as the case may be)) at or before 4:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement shall cease and be terminated, and thereafter neither parties to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the conditions above has been fulfilled.

LETTER FROM VINCO CAPITAL

Profit Guarantee:

The Vendor irrevocably and unconditionally warrants and guarantees to the Company (or its nominee) that the profit after tax of RSL to be reported in accordance with HKFRS as shown in its audited financial statements for the year ending 31 March 2022 (the “**Guaranteed Period**”), excluding any extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, issued by the Auditors will not be less than HK\$15,500,000 (the “**Guaranteed Profits**”).

The amount of the Guaranteed Profits was determined after arm’s length negotiations between the Company and the Vendor with reference to, among other things, (i) the prospects and development potential of the Target Group; and (ii) the current economic environment.

As security for the performance of the obligations of the Vendor, the Vendor and the Company shall jointly appoint the Escrow Agent to act as the escrow agent and to hold the share certificate(s) in relation to the Consideration Shares on and subject to the terms and conditions under the Escrow Letter and the Option Deed.

Period-end Profits

If the Unaudited Period-end Profits as shown in any Period-end Management Accounts excluding extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, shall exceed the amount of the Guaranteed Profits Plus Estimated Operating Expenses, the Vendor shall have the right (but not the obligation) to request the Auditors to prepare an audit on such Period-end Management Accounts, and to certify the Audited Period-end Profits as shown in such audited financial statements of RSL for the Reporting Period (the “**Audited Period-end Financial Statements**”).

“Guaranteed Profits Plus Estimated Operating Expenses” mean the aggregate sum of (i) the amount of the Guaranteed Profits, and (ii) the Estimated Monthly Operating Expenses in respect of RSL for the Remaining Guaranteed Period, which is equivalent to “A” below and shall be calculated as follows:

$$A = B + (C \times D)$$

Where B = HK\$15,500,000, being the amount of the Guaranteed Profits

C = the Estimated Monthly Operating Expenses

D = the number of calendar months within the Remaining
Guaranteed Period

LETTER FROM VINCO CAPITAL

If the actual Audited Period-end Profits reported in accordance with HKFRS, excluding extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, shall be equal to or exceed the amount of the Guaranteed Profits Plus Estimated Operating Expenses, the Guaranteed Profits will be deemed to have been fulfilled, and the Vendor and the Company shall jointly procure the Escrow Agent to release the share certificate(s) for the 233,000,000 Consideration Shares which are held in escrow by the Escrow Agent to the Vendor within three (3) Business Days from the date of receipt by the Escrow Agent of such audited financial statements of RSL for the Reporting Period from the Auditors. If the Audited Period-end Profits as shown in the Audited Period-end Financial Statements is less than the amount of the Guaranteed Profits Plus Estimated Operating Expenses, the share certificate(s) for the 233,000,000 Consideration Shares shall continue to be held in escrow by the Escrow Agent, and the Put and Repurchase Option under the Option Deed is not exercisable unless and until the Audited Full-Year Profits are ascertained.

In the event that a request for the preparation of the Audited Period-end Financial Statements is made by the Vendor, the Vendor and the Company shall procure that the Audited Period-end Financial Statements shall be prepared and reported on by the Auditors in accordance with HKFRS by the date falling three months after the date to which the Period-end Management Accounts have been made up and the Auditors shall issue the Audited Period-end Financial Statements and deliver the same to the Vendor and the Company within three Business Days (or such longer period as the Vendor and the Company may agree) from the issue date of the Audited Period-end Financial Statements.

Full-Year Profits

Provided that no share certificate(s) has/have been released by the Escrow Agent to the Vendor as disclosed above, if the profit after tax of RSL reported in accordance with HKFRS for the Guaranteed Period (the “**Audited Full-Year Profits**”) as shown in the audited financial statements of RSL for the Guaranteed Period (the “**Audited Full-Year Financial Statements**”) prepared, excluding any extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, shall be equal to or exceed the amount of the Guaranteed Profits, the Vendor and the Company shall jointly procure the Escrow Agent to release the share certificate(s) for the 233,000,000 Consideration Shares, which are held in escrow by the Escrow Agent to the Vendor within three (3) Business Days from the date of receipt by the Escrow Agent of such audited financial statements from the Auditors.

If the Audited Full-Year Profits, excluding any extraordinary or exception items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, is less than the Guaranteed Profits, the Put and Repurchase Option may be exercised by the Company, subject to and upon the terms of the Option Deed.

LETTER FROM VINCO CAPITAL

In the event of occurrence of such Triggering Event, it is the Company's intention to exercise the Put and Repurchase Option subject to and upon the terms of the Option Deed.

The Vendor shall procure that the Audited Full-Year Financial Statements be prepared and reported on by the Auditors in accordance with HKFRS by the date falling three months after the end of the Guaranteed Period, and the Auditors shall issue the Audited Full-Year Financial Statements and deliver the same to the Vendor and the Company within three Business Days (or such longer period as the Vendor and the Company may agree) from the issue date of the Audited Full-Year Financial Statements.

Assessment on the achievability of the Guaranteed Profits:

In assessing the feasibility for RSL to achieve the Guaranteed Profits, the Board has reviewed the profit forecast of RSL for the year ending 31 March 2022 (the "**Profit Forecast**") and discussed with the Vendor on the basis of preparation and the underlying assumptions. Based on the Profit Forecast, the Board noted that the total expected revenue comprises (i) the underwriting commission income expected to be generated from the engagements sponsored by RCL (the "**RCL Driven Revenue**") of approximately HK\$16.8 million, representing approximately 71.8% of the total expected revenue of RSL; and (ii) the placing/underwriting commission expected to be generated from the engagements secured by RSL (the "**Other Placing/Underwriting Commission**") of approximately HK\$6.6 million, representing approximately 28.2% of the total expected revenue of RSL. According to the Vendor, RSL is expected to act as the underwriter of (i) one fund-raising exercise which was in progress as at the Latest Practicable Date; and (ii) four initial public offering exercises, of which listing applications were submitted to the Stock Exchange in 2021 (altogether, the "**Engagements Associated with RCL**"). The RCL Driven Revenue is determined with reference to (a) the expected underwriting commitment of the Engagements Associated with RCL; (b) the historical commission rates of similar engagements charged by RSL; and (c) the expected success rate of the Engagements Associated with RCL. In addition, the Other Placing/Underwriting Commission is determined with reference to the historical placing/underwriting commission generated from the engagements secured by RSL itself without the participation of RCL. To come up with the amount of the forecasted profits of RSL for the year ending 31 March 2022 (the "**Forecasted Profits**"), the expected revenue as detailed above is then deducted by (i) the expected administrative and other operating expenses for the year ending 31 March 2022, which is estimated based on the actual administrative and other operating expenses incurred by RSL for the year ended 31 March 2021; and (ii) the projected income tax expense.

After reviewing the Profit Forecast together with the relevant supporting documents and the discussion with the Vendor on the basis of preparation and the underlying assumptions, the Board believes that the Guaranteed Profits, which was determined under due and careful consideration and after arm's length negotiations between the Company and the Vendor with reference to the Forecasted Profits, will likely be met by RSL for the Guaranteed Period.

LETTER FROM VINCO CAPITAL

In assessing the fairness and reasonableness of the Profit Guarantee arrangement, the Board has taken into account, among other things, the following:

- (i) the Profit Guarantee provided by the Vendor in favour of the Company serves as an additional protection to the Shareholders' interests under the Acquisition without having to incur any extra costs on the part of the Group; and
- (ii) the Company has the right to exercise the Put and Repurchase Option if the Guaranteed Profits cannot be met.

Based on the foregoing, the Board considered that the Profit Guarantee arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will comply with the disclosure requirements under Rule 19.36B of the GEM Listing Rules as to whether the actual performance of RSL meets the Profit Guarantee in the next annual report as well as the disclosure requirements under Rule 20.61 of the GEM Listing Rules if RSL fails to meet the Profit Guarantee.

Completion:

Completion shall take place on the date falling on the third Business Day after the fulfillment (or waiver) of the conditions precedent set out above, or such other date as the Vendor and the Company may agree in writing.

Upon Completion, the Target Company shall be owned as to 75% and 25% by the Vendor and the Company, respectively. As such, the Target Company will be accounted for as an associate company of the Company.

Consideration of the Acquisition

As confirmed by the Directors, the Consideration at HK\$32,853,000 was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms. Among other considerations, as mutually agreed by the Company and the Vendor, Malcolm & Associates Appraisal Ltd was appointed to conduct a valuation of RSL and issued a valuation report in relation to 25% equity interest in RSL prepared based on market approach.

The Valuer is principally engaged in the provision of valuation and technical advisory services in Hong Kong. We have reviewed the qualification and experience of the Valuer in relation to the conduct of valuation of RSL, and understood that the Valuer possesses sufficient qualifications and experience of over 10 years in valuing companies similar to RSL. The Valuer is independent to the Group and the Vendor and also independent to the shareholders, directors, and any associates of the Group and the Vendor.

LETTER FROM VINCO CAPITAL

In assessing the fairness and reasonableness of the appraised value of RSL, we have performed due diligence on the valuation report issued by the Valuer by reviewing the valuation report and interviewing the Valuer regarding, among other things, the basis and assumptions made and the methodology adopted by the Valuer in conducting the appraisal for the assets of RSL. We understand that the Valuer has adopted market approach for evaluating the value of RSL. The Valuer is of the view that an income approach was not appropriate for the valuation as having considered that no long term cash flow projection is available for a sufficient analysis due to the inherent unpredictability on longer term IPO pipeline which is a crucial assumption given the importance of underwriting commission to RSL. The Valuer is also of the view that a cost or asset-based approach was not appropriate for the valuation due to the asset-light nature among the industry of RSL's business. Therefore, the Valuer adopted a market approach for their appraisal on the value of the Target Company.

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. In the business valuation context, the market approach valuation shall analyse recent transaction(s) in the equity interest of the valuation subject and/or comparable companies and benchmark the valuation subject with the selected comparable(s). By adopting this approach, the Valuer conducted search and analysis of comparable companies which are Hong Kong based listed securities companies with operation similar to RSL.

Having discussed with the Valuer, we concur that (i) income-based approach was not appropriate for the valuation due to the lack of long term cash flow projections as a result of the unpredictability of IPO and respective underwriting commissions; (ii) income-based approach requires a financial projection of at least five years which would involve making more assumptions on remote years; (iii) RSL is deemed asset-light due to its nature of business; and (iv) asset-based approach may not be able to reflect the market value of RSL.

Having considered the above, we concur that income-based approach and asset-based approach are not suitable measures in appraising the value of RSL. Although the core value in the provision of financial services are primarily based on the expertise, experience and the customer network of the responsible officers/staff, and due to the inappropriateness of the adoption of income-based approach and asset-based approach, we are of the view that market based approach is the most suitable measure for the valuation. Further to our discussion with the Valuer, we understood that the forward 12-month net profit of RSL ending 31 March 2022 based on the profit guarantee of HK\$15.5 million was used in the valuation of RSL. Although we believe it would normally be preferable to use the latest historical financial results in evaluating the fair value of an acquisition, we understood that the Valuer has taken into consideration of unprecedented factors brought by the COVID-19 pandemic and resulting in a loss for the Target Group's latest financial year. Based on our independent research, we noted that the number of successful initial public offerings on the Stock Exchange decreased

LETTER FROM VINCO CAPITAL

from 177 for the year ended 31 March 2020 to 139 for the year ended 31 March 2021. Based on our discussion with the Valuer and their expertise in the provision of their valuation, we concur with the Valuer's view that the loss recorded by the Target Group would not likely provide a meaningful analysis in evaluating its equity. We further understood that the use of Guaranteed Profits in the valuation is considered a market practice subject to unprecedented factors such as the pandemic and would reflect a more meaningful evaluation of its equity for the purpose of the Valuation Report. Based on the Valuer's expertise and subject to their method of valuation based on market practice, we concur with the Valuer's view that it is fair and reasonable to use the Guaranteed Profits as the basis for evaluating a more meaningful value of the Target Group for the purpose of the Valuation Report.

Having considered that (i) income-based approach and asset-based approach are not suitable measures for the valuation; (ii) the Valuer has set reasonable criteria to search for appropriate comparable companies by adopting the market approach; (iii) the comparable companies selected for the valuation are exhaustive based on the Valuer's best efforts in searching for appropriate comparable companies; and (iv) the use of Guaranteed Profits by the Valuer in evaluating a more meaningful value of the Target Group is subject to their market practice with consideration of unprecedented factors such as the pandemic, we are of the view that the appraisal result of market approach is fair and reasonable.

In addition to the valuation conducted by the Valuer, in order to assess the fairness and reasonableness of the Consideration, we have conducted our own assessment on the market value of RSL. As mentioned above, income-based approach and asset-based approach are not suitable in the valuation of the RSL. Therefore, we have used market-based approach to assess the fairness of the valuation conducted by the Valuer. By taking into account of the business model and principal activities of RSL, we have set out to identify comparable companies with the selection criteria of (i) being listed on the Stock Exchange; (ii) principally engaged in the provision of financial services to include type 1 and type 4 regulated activities under the SFO; (iii) generating key portion of its revenue in the provision of respective financial services in Hong Kong; (iv) have a market capitalisation of not more than HK\$10 billion (being a comparable classification of small-sized enterprises in Hong Kong) and (v) their shares are not suspended on the Stock Exchange as at the date of the Sale and Purchase Agreement. We have identified a population of 24 listed companies listed on the Stock Exchange (together the "**Comparables**") based on our selection criteria which are considered to be a fair and representative sample for comparison purpose and considered to be exhaustive. In order to form an independent assessment on the fairness of the Consideration by equally making reference to RSL's principal activities and its historical financial results, we have focused our selection criteria in companies principally engaged in the same principal activities of RSL as a whole. Based on information publicly available, we have included all comparable companies licensed to provide the same regulated activities as long as their revenue has been derived from one of or both brokerage services and placing and underwriting

LETTER FROM VINCO CAPITAL

services. As such, we are of the view that our selection criteria to include comparable companies which have derived their respective revenue from type 1 and type 4 regulated activities under the SFO to be fair and reasonable for the purpose of our analysis. Since RSL is an asset-light company due to its business nature, we consider that the price to book ratio (the “**PB Ratio**”) comparison is not suitable in this case. By considering the market-approach, we selected the price-to-earnings ratio (the “**PE Ratio**”) to assess the fairness of the Consideration in the acquisition of 25% of equity in RSL.

LETTER FROM VINCO CAPITAL

Set out in the table below are the details of the PE Ratio comparison of the Comparables and the Acquisition:

Company name	Stock code	PE Ratio <i>(Note 1)</i>
Get Nice Holdings Limited	64	7.09
Central Wealth Group Holdings Limited	139	8.63
Styland Holdings Limited	211	N/A
Shenwan Hongyuan (H.K.) Limited	218	8.80
First Shanghai Investments Limited	227	N/A
CASH Financial Services Group Limited	510	N/A
Planetree International Development Limited	613	15.00
Emperor Capital Group Limited	717	N/A
Pinestone Capital Limited	804	N/A
Value Convergence Holdings Limited	821	N/A
China Tonghai International Financial Limited	952	15.61
Kingston Financial Group Limited	1031	133.11
CMBC Capital Holding Limited	1141	11.37
Bright Smart Securities & Commodities Group Limited	1428	4.65
Get Nice Financial Group Limited	1469	10.67
Fu Shek Financial Holdings Limited	2263	18.34
Innovax Holdings Limited	2680	152.94
China Industrial Securities International Financial Group Limited	6058	N/A
CL Group (Holdings) Limited	8098	11.59
PF Group Holdings Limited	8221	N/A
Koala Financial Group Limited	8226	8.49
Astrum Financial Holdings Limited	8333	N/A
VBG International Holdings Limited	8365	N/A
Victory Securities Holdings Limited	8540	16.39
	Maximum	152.94
	Minimum	4.65
	Average	30.19
	Implied PE Ratio 2020	16.44 <i>(Note 2)</i>
RSL	Implied PE Ratio 2021	N/A
	Adjusted PE Ratio	8.48 <i>(Note 3)</i>

LETTER FROM VINCO CAPITAL

Notes:

1. The PE Ratio as at 6 July 2021, being the date of the Sale and Purchase Agreement, is calculated by dividing the market capitalisation of the Comparables as at 6 July 2021 by their respective net profit extracted from their latest public filings.
2. The Implied PE Ratio 2020 is calculated by dividing the entire equity interest of RSL in accordance to the valuation report by its respective net profit for the year ended 31 March 2020.
3. The Adjusted PE Ratio is calculated by dividing the entire equity interest of RSL in accordance to the valuation report by the Guaranteed Profits as net profit for the year ending 31 March 2022.

As shown in the table above, the PE Ratio of the Comparables ranged from approximately 4.65 times to approximately 152.94 times, with an average of approximately 30.19 times. Accordingly, RSL's implied and adjusted PE Ratio of approximately 16.44 and 8.48 times is within the range and below the average PE Ratio of the Comparables.

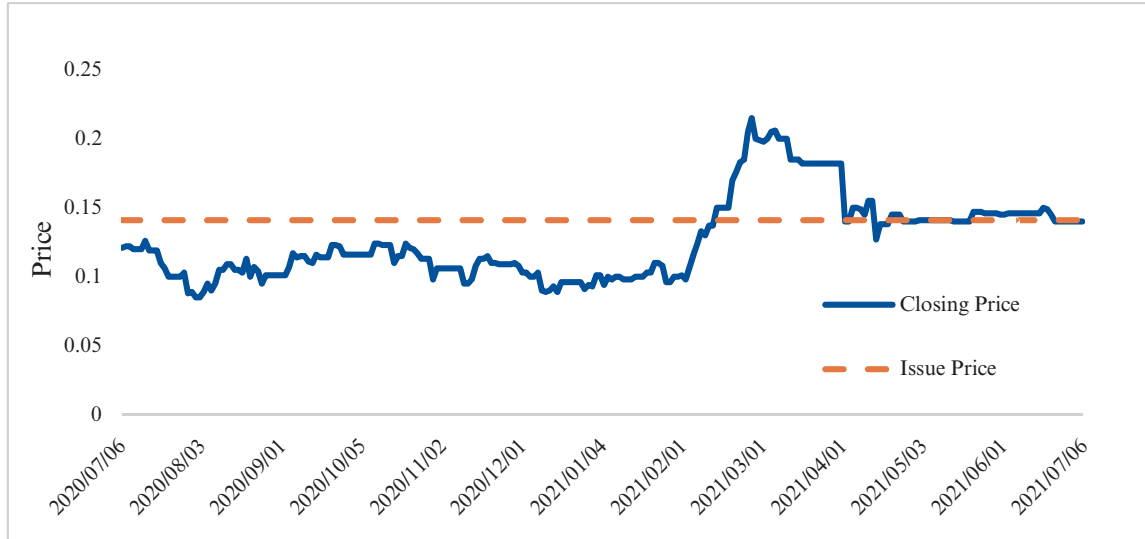
Having taken into account that (i) the implied and adjusted PE Ratio of RSL is within respective range of the Comparables; (ii) the implied and adjusted PE Ratio of RSL is lower than the respective average of the Comparables; and (iii) the Consideration represents a discount of approximately 1.64% to the Appraised Value, we are of the view that the Consideration for the Target Company is determined to be less than the amount of what investors in average have proportionally invested for the respective comparable companies. Therefore, we are of the view that the Consideration for acquiring the Target Company, representing a discount to the Appraised Value, is favourable to the Company and is determined in the interest of the Company and the Shareholders as a whole.

Issue Price of the Consideration Shares

To assess the fairness and reasonableness of the Issue Price, we have considered the historical closing prices of the Shares for one-year period prior to the date of the Sale and Purchase Agreement, being from 6 July 2020 up to 6 July 2021 (the "**Review Period**"). We consider that the Review Period, being one year prior to the date of the Sale and Purchase Agreement, to be adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices and such comparison is relevant for the assessment of the fairness and reasonableness of the Issue Price. The chart below illustrates the daily closing price of the Shares (the "**Closing Price**") versus the Issue Price of HK\$0.141 per Share during the Review Period:

LETTER FROM VINCO CAPITAL

Daily closing price of the Shares during the Review Period



As shown in the above chart, we note a fluctuation in Closing Price throughout the Review Period between HK\$0.085, being the lowest Closing Price recorded on 31 July and 1 August 2020, and HK\$0.215, being the highest Closing Price recorded on 1 March 2021. The Issue Price of HK\$0.141 represents a discount of approximately 34.4% to the highest Closing Price during the Review Period and a premium of approximately 65.9% to the lowest Closing Price during the Review Period. The average Closing Price of the Review Period was approximately HK\$0.127, which means the Issue Price has a premium of approximately 11.0% over the average Closing Price during the Review Period. We also noted that within 248 trading days during the Review Period, there were 176 trading days to which the Issue Price was less than HK\$0.141, representing around 70% of the Closing Price during the Review Period to be lower than the Issue Price.

During the Review Period, the Share price maintained a stable trend of not above the Issue Price from 6 July 2020 to 3 February 2021. There was an increase in closing price following early February to which the Share price reached the maximum closing price of HK\$0.215 on 1 March 2021, but gradually dropped back and maintained a stable trend of below HK\$0.150 throughout late April 2021 leading to the date of the Sale and Purchase Agreement. Having made enquiry with the Company with respect to the reason for the trading movement, the Directors confirmed that they are not aware of any reason for the aforementioned movement.

Having considered that (i) the Issue Price was determined after arm's length negotiation between the Company and the Vendor after taking into account the prevailing market price of the Shares; (ii) the Issue Price of the Consideration Shares represents a premium of approximately 11.0% over the average Closing Price during the Review Period, being the one year period prior to the date of the

LETTER FROM VINCO CAPITAL

Sale and Purchase Agreement; and (iii) there were around 70% of the Closing Price during the Review Period to be lower than the Issue Price of the Consideration Shares, we are of the view that the Issue Price is fair and reasonable so far as the Company and the Independent Shareholders are concerned and is on normal commercial terms.

Guaranteed Profits

As confirmed by the Directors, the amount of the Guaranteed Profits was determined after arm's length negotiations by the Company and the Vendor.

To assess the fairness and reasonableness of the determination of the Guaranteed Profits, we have reviewed the documents provided by the Company and have conducted research for justification. With reference to RSL's audited financial statement for the two years ended 31 March 2020, we noted that a majority of RSL's revenue was comprised of its underwriting fee and placing fee income of approximately HK\$9.2 million and HK\$13.1 million respectively, while the commission income was approximately HK\$1.6 million and HK\$0.5 million respectively. This enabled RSL to achieve a profit after taxation of approximately HK\$2.8 million and HK\$8.0 million respectively.

However, based on our review of RSL's audited financial statement for the year ended 31 March 2021 and our discussion with the Directors, we understood that due to the result of the COVID-19 pandemic and the corresponding precautionary measures, including social distancing measures as well as general cross-border and international travel restrictions, RSL has encountered difficulties in conducting physical face-to-face marketing and pitching activities and events since early 2020. Such difficulties had significantly affected RSL's income in its underwriting and placing business, and resulting to a loss recorded by RSL for the year ended 31 March 2021.

Further to our discussion with the Directors, we understood that the estimated profit after taxation of RSL for the year ending 31 March 2022 has been arrived based on the latest development in fund-raising and initial public offering exercises to be completed by the end of the financial year, which would significantly increase the underwriting revenue and profitability of RSL. We also understood that RSL has completed the underwriting of the rights issue of Golden Power Group Holdings Limited (Stock Code: 3919) since April 2021, and recognized the revenue of approximately HK\$2.8 million in this regard. As confirmed by the Directors, we understood that there has been no reliance on major customers during the latest financial year. In order to assess the feasibility for RSL to achieve the Guaranteed Profits of HK\$15.5 million, we have obtained and reviewed the profit forecast prepared by RSL for the year ending 31 March 2022 (the "**Profit Forecast**") and discussed with the Directors and Vendor on the basis of preparation and the underlying assumptions. Based on the Profit Forecast, we noted that the expected revenue comprises (i) the underwriting commission income expected to be generated from the engagements sponsored by

LETTER FROM VINCO CAPITAL

RCL (the “**RCL Driven Revenue**”); and (ii) the other placing/underwriting commission expected to be generated from engagements secured solely by RSL (the “**Other Placing/Underwriting Commission**”). As discussed with the Directors, we understood that the RCL Driven Revenue was derived with reference to (i) one fund-raising exercise which was in preparation stage; and (ii) four initial public offering exercises of which listing applications were submitted to the Stock Exchange. As part of our due diligence, we have obtained and reviewed all application forms submitted to the Stock Exchange and the draft application to be made for the relevant engagements expected to be completed by the year ending 31 March 2022. Based on our review, we ascertained the estimated forecasted revenue based on variables involved in determining the RCL Driven Revenue and Other Placing/Underwriting Commission, including (i) the offer size of each potential exercise in the application forms submitted to the Stock Exchange; (ii) the assumption on the estimated underwriting commission ranging from 1.9% to 2.9% based on RSL’s historical underwriting commission generated from previous engagements sponsored by RCL for the three years ended 31 March 2021; (iii) the assumption on estimated success rate in the general market of less than 60% based on historical successful listing applications submitted to the Stock Exchange; and (iv) the historical placing/underwriting commission generated from engagements secured solely by RSL for the three years ended 31 March 2021. Further to our review, we understood that the forecasted profits of RSL for the year ending 31 March 2022 was determined from the aforementioned estimated revenue by deducting (i) the estimated operating expenses for the year ending 31 March 2022, which is estimated based on actual operating expenses incurred by RSL for the year ended 31 March 2021; and (ii) the projected income tax expense.

Based on our review of the Profit Forecast and the relevant documents in support of its basis and underlying assumptions, we are of the view that the assumptions had been prepared based on recent market condition as well as the financial results of the Target Group for the three latest financial years, and the feasibility of the Target Group to achieve the Guaranteed Profits of HK\$15.5 million is considered acceptable.

As stated in the Letter from the Board, in the event of the profit after tax of RSL as shown in the audited financial statements of RSL for the Guaranteed Period, being the year ending 31 March 2022, shall be reported less than the Guaranteed Profits, the Company is intended to exercise the Put and Repurchase Option in accordance to the Option Deed. The Put and Repurchase Option would allow the Vendor to transfer the Repurchase Shares to the Company at the Repurchase Price at an aggregate consideration of HK\$32,853,000 and the Company to transfer the Option Shares to the Vendor at the Put Option Price at an aggregate consideration of HK\$32,853,000. Further to our conversation with the Directors, we understood that upon the terms of Option Deed, it is the Company’s intention to exercise the Put and Repurchase Option shall the Target Group fail to achieve the agreed Guaranteed Profits and thereby protecting the interests of the Group. As confirmed by the Directors, we understood that the

LETTER FROM VINCO CAPITAL

Company has no intention in choosing not to exercise the Put and Repurchase Option upon the aforementioned triggering event. As such, upon the aforementioned triggering event, we consider the Guaranteed Profits would be a favourable arrangement for the Company considering the Company would not be disadvantaged should the Target Company fail to achieve the agreed Guaranteed Profits subject to the Directors' intention and interest in exercising protection over the Company. Having considered the above, we are of the view, subject to the Directors' intention and interest of the Company, that the Profit Guarantee arrangement is fair and reasonable.

Having considered that (i) the Acquisition consists of an issuance of a valuation prepared by an independent valuer; (ii) the entering of the Option Deed upon Completion between the Company and the Vendor would not allow the Company to be disadvantaged in the event of the profit after tax of RSL shall be reported less than the Guaranteed Profits; and (iii) the Guaranteed Profits provides protection to the Company in the event that the estimated net profit of RSL fail to materialise, we are of the view that the above agreed terms under the Sale and Purchase Agreement is on normal commercial terms, fair and reasonable.

III. Reasons for and benefits of the Acquisition

As set out in the Letter from the Board, the Board considers that the Acquisition offers the Group an invaluable opportunity to closely collaborate with RSL in the placing and underwriting business. Being a fellow subsidiary of RCL, a licensed corporation principally engaged in new listing sponsorship, RSL takes part in the underwriting business of those IPO projects sponsored by RCL. The Directors believe that the Group could leverage on the IPO project partnership arrangement between RSL and RCL to further expand the IPO underwriting business carried on by the Group.

As discussed with the Directors, the Group intends to participate in more placing and underwriting transactions by leveraging on the potential IPO projects of RCL as well as their networking with other professional parties, business contacts and potential clientele. Further to our discussion, we understood from the Directors that the IPO projects sponsored by RCL are generally underwritten by RSL. We understood from the Directors that this partnership is mutually understood by RCL and their clients prior to each IPO engagement, and that the existing partnership would continue after the Acquisition. Based on our review of RSL's historical underwriting business, we understood from the Directors that despite having its established client network, RSL still require the engagement of other syndicate members to perform larger fund-raising exercises. Further to our discussion, we concur with the Directors' view that RSL would benefit from the client network of the Group, and on the other hand the Acquisition would enable the Group to participate in the project pipeline engaged by RCL. As such, we are of the view that the Acquisition would help the Group to expand its placing and underwriting business.

LETTER FROM VINCO CAPITAL

As part of our independent research, we noted that the funds raised through IPO on the Hong Kong Stock Exchange for the six months ended 30 June 2021 amounted at approximately HK\$210.4 billion, representing an increase of approximately 127% when compared with approximately HK\$92.8 billion for the same period in 2020. We also noted that total funds raised on the Hong Kong Stock Exchange for the six months ended 30 June 2021 amounted at approximately HK\$482.5 billion, representing an increase of approximately 108% when compared with approximately HK\$232.3 billion for the same period in 2020. As the market generally expects effective vaccination to become fully available, and social distancing measures to gradually ease alongside the expansion of vaccine coverage, speculations of recovery to Hong Kong's economy may have given effect to the increasing fund raising activities on the Hong Kong Stock Exchange. Subject to the intention to expand the Group's IPO underwriting business as a result of the Acquisition, we concur with the Directors' view that the Company may be of benefit from the continued economic recovery and subsequently the potential increase of fund raising activities in the remaining months of 2021 as well as early 2022.

Having considered that (i) the Acquisition would allow the Company to benefit from potential IPO projects secured by RCL; (ii) the Group has the opportunity to leverage on the partnership between RCL and RSL; (iii) RSL would equally rely on other diversified client networks such as those offered by the Group to perform larger fund-raising exercises, enabling the Group to achieve more underwriting business from the project pipeline engaged by RCL; and (iv) the Group may potentially be of benefit from potential increase of fund raising activities in view of speculations to Hong Kong's economic recovery, we are of the view that the Acquisition is in the interest of the Company and the Shareholders as a whole.

IV. Effect on shareholding structure of the Company

Assuming there being no other changes in the share capital of the Company from the Latest Practicable Date and up to the Completion Date, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion.

Shareholders	As at the Latest Practicable Date		Immediately upon Completion	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Autumn Ocean Limited ("Autumn Ocean") ^(Note 1)	532,685,000	55.49%	532,685,000	44.65%
Vendor ^(Note 2)	—	—	233,000,000	19.53%
Public Shareholders	<u>427,315,000</u>	<u>44.51%</u>	<u>427,315,000</u>	<u>35.82%</u>
Total	<u>960,000,000</u>	<u>100%</u>	<u>1,193,000,000</u>	<u>100%</u>

LETTER FROM VINCO CAPITAL

Notes:

1. Autumn Ocean is a company wholly-owned by Mr. Pan Chik (“**Mr. Pan**”), being the Chairman, Chief Executive Officer and an executive Director. Mr. Pan is therefore deemed to be interested in all the Shares held by Autumn Ocean by virtue of the SFO.
2. As security for the performance of the obligations of the Vendor in respect of the Profit Guarantee, the Vendor and the Company shall jointly appoint the Escrow Agent to act as the escrow agent and to hold the share certificates in relation to the Consideration Shares on and subject to the terms and conditions under the Escrow Letter. For details of the arrangement, please refer to the section headed “The Sale and Purchase Agreement — Profit Guarantee” in this circular.
3. Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

We noted that the shareholding of the existing public Shareholders would decrease from approximately 44.51% to approximately 35.82% immediately after the Completion, representing a dilution effect of approximately 8.69%. Although the issue of Consideration Shares will incur dilution effect on the shareholding of the existing Shareholders, having taken into account the issue of Consideration Shares (i) will not deplete the Company’s financial resources or increase its financing costs; and (ii) would allow the Company to retain its cashflow for future IPO underwriting business carried on by the Group, we are of the view that the potential dilution effect on the shareholding interests to the public Shareholders to be acceptable.

V. Possible financial effects of the Acquisition

Earnings

As mentioned in the “Letter from the Board”, upon the Completion, the Target Company shall be owned as to 75% and 25% by the Vendor and the Company, respectively. As such, the Target Company will be accounted for as an associate company of the Company.

The Directors considers that the Acquisition will complement the Group’s business as it enables the Group to leverage on the IPO project partnership arrangement between RSL and RCL to further expand the IPO underwriting business carried on by the Group.

The Directors consider that the Acquisition will bring positive contribution but the quantification of such contribution will depend on the future performance of the Target Group.

LETTER FROM VINCO CAPITAL

Working capital

As stated in the Letter from the Board, the Consideration will be satisfied by the issue of Consideration Shares by the Company to the Vendor. Therefore, there will not be any cashflow burden on the Group arising from the settlement of the consideration of the Acquisition.

Net asset value

As stated in the Letter from the Board, the Consideration will be satisfied by the issue of Consideration Shares by the Company to the Vendor. Therefore, there will not be any change in net asset value of the Group arising from the settlement of the consideration of the Acquisition.

D. RECOMMENDATION

Having taken the above principal factors and reasons into consideration, we are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, although not conducted in the usual and ordinary course of business of the Group. We also consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable. Therefore, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Vinco Capital Limited
Alister Chung
Managing Director

Note: Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

The following is the text of a report prepared for the purpose of incorporation in this circular received from Malcolm & Associates Appraisal Limited, an independent valuer, in connection with its valuation as at 30 June 2021 of the market value of the 25% equity interest in RaffAello Securities (HK) Limited.

**MALCOLM & ASSOCIATES APPRAISAL LTD**

建盟顧問有限公司

8/F., Wai Hing Commercial Building,
17-19 Wing Wo Street, Central, Hong Kong
香港中環永和街17-19號偉興商業大廈8樓
Tel 電話 : (852) 2815 7744 Fax 傳真 : (852) 2110 1726
Email 電郵 : info@malcolmappraisal.com.hk
Website 網址 : www.malcolmappraisal.com.hk

7 September 2021

The Directors
Astrum Financial Holdings Limited
Rooms 2704, 27th Floor
Tower 1, Admiralty Centre
18 Harcourt Road
Admiralty, Hong Kong

Dear Sirs,

Re: Valuation of 25% equity interest in RaffAello Securities (HK) Limited**1. INSTRUCTIONS**

We refer to the instructions from Astrum Financial Holdings Limited (referred to as the “**Company**”) for us to provide our independent opinion on the market value of 25% equity interest in RaffAello Securities (HK) Limited (referred to as “**RSL**”).

2. PURPOSE OF VALUATION

The purpose of our valuation is to provide an independent opinion on the market value of 25% equity interest in RSL as at the date of valuation in relation to the acquisition of such equity interest in RSL by the Company.

3. DATE OF VALUATION

The date of valuation is 30 June 2021.

4. BASIS OF VALUATION

This report has been prepared in accordance with the International Valuation Standards issued by the International Valuation Standards Council.

Our valuation has been carried out on the basis of market value. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

5. BACKGROUND OF THE COMPANY AND RSL

The Company is a publicly listed company with limited liability. It was incorporated in the Cayman Islands and has been listed on the GEM of the Stock Exchange of Hong Kong Limited (stock code: 8333) since 2016. It is an investment holding company. The Company and its subsidiaries are principally engaged in the provision of securities dealing and brokerage services, placing and underwriting services, corporate finance advisory services, financing services and asset management services. The Company mainly operates its business through its principal subsidiary, Astrum Capital Management Limited. The Company’s subsidiaries include Major Harvest Investments Limited and Astrum Capital Management Limited. The Company mainly operates its business in Hong Kong.

RSL is a private company with limited liability. It was incorporated in Hong Kong and is a licensed corporation to carry type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance. It is principally engaged in the provision of securities dealing and brokerage services, as well as placing and underwriting services. It operates its business in Hong Kong.

6. SOURCE OF INFORMATION

For the purpose of our valuation, we have been furnished with the historical financial and operational information in respect of RSL provided by the senior management of the Company.

We have no reason to doubt the truth and accuracy of the information provided to us, and we have been confirmed by the senior management of the Company that no material facts have been omitted from the information provided to us.

Apart from the information provided by the senior management of the Company, we have also obtained market data, industrial information and statistical figures from publicly available sources.

7. SCOPE OF WORKS

The following processes have been conducted by us during the course of our valuation:

- Obtained relevant financial and operational information in respect of RSL from the senior management of the Company;
- Examined the basis and assumptions of the financial and operational information in respect of RSL provided by the senior management of the Company;

- Conducted research to obtain sufficient market data, industry information and statistical figures from RSL and other publicly available sources; and
- Prepared the valuation and this report in accordance with generally accepted valuation procedures and practices of international valuation standards.

8. VALUATION ASSUMPTIONS

Due to the changing economic and market conditions, a number of assumptions have to be adopted in our valuation. The major assumptions adopted in our valuation are as follows:

General Market Assumptions

- There will be no material change in the existing political, legal, fiscal, technological, economic and market conditions in the jurisdiction where RSL are currently or will be situated;
- There will be no material change in the taxation laws and regulations in the jurisdiction where RSL is currently or will be situated, that the tax rates will remain unchanged and that all applicable laws and regulations will be complied with;
- The market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected;
- The supply and demand, both domestically and internationally, of the products and/or services of RSL or similar products and/or services will not differ materially from those of present or expected;
- The market prices and the relevant costs, both domestically and internationally, of the products and/or services of RSL or similar products and/or services will not differ materially from those of present or expected;
- The products and/or services of RSL or similar products and/or services are marketable and liquid, that there are active markets for the exchange of the products and/or services of RSL or similar products and/or services; and
- The market data, industrial information and statistical figures obtained from publicly available sources are true and accurate.

Company-specific Assumptions

- All licenses, permits, certificates and consents issued by any local, provincial or national government or other authorized entity or organization that will affect the operation of RSL have been obtained or can be obtained upon request with an immaterial cost;

- The core operations of RSL will not differ materially from those of present or expected;
- The financial and operational information in respect of RSL have been prepared on a reasonable basis that have been arrived at after due and careful consideration by the senior management of the Company;
- RSL currently has, or will have, adequate human capital and capacity required for the production and/or provision of the products and/or services of RSL, and the required human capital and capacity will be acquired in a timely manner that will not affect the operation of RSL;
- RSL has acquired, or will acquire, adequate financial capital for the investments in projected capital expenditure and working capital from time to time, and any scheduled interest or repayment of loan and payable will be paid on time;
- The senior management of RSL will implement only those prospective financial and operational strategies that will maximize the efficiency of the operations of RSL;
- The senior management of RSL has sufficient knowledge and experience in respect of the operations of RSL, and the turnover of any director, management or key person will not affect the operations of RSL;
- The senior management of RSL has adopted reasonable and appropriate contingency measures against any human disruption such as fraud, corruption and strike, and the occurrence of any human disruption will not affect the operations of RSL; and
- The senior management of RSL has adopted reasonable and appropriate contingency measures against any natural disaster such as fire, flood and hurricane, and the occurrence of any natural disaster will not affect the operations of RSL.

9. VALUATION APPROACH

General Valuation Approaches

The following generally accepted valuation approaches have been considered in the course of our valuation: (1) the income approach; (2) the market approach; and (3) the cost approach.

Income Approach

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The discounted cash flow (DCF) method is the most fundamental and prominent method of the income approach. In applying the DCF method, the free cash flows of the subject asset in future years were determined from the net income after tax plus non-cash expenses, such as depreciation and amortization expenses, and after-tax interest expense; the result was then less non-cash incomes, investment in capital expenditure and investment in net working capital.

Market Approach

The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the market approach, the guideline company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The sales comparison method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

Cost Approach

The cost approach provides an indication of value based on the principle that an informed buyer would pay no more than the cost of producing the same or a substitute asset with equal utility as the subject asset.

Under the cost approach, the historical cost method measures the cost incurred throughout the development of the subject asset at the time it was developed. The replication cost method measures the amount of investment that would be required to develop an asset similar to the subject asset. The replacement cost method measures the amount of investment that would be required to develop the subject asset as it currently exists.

Selected Valuation Approach

The selection of a valuation approach is based on, among other criteria, the quantity and quality of the information provided, access to available data, supply of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation and professional judgment and technical expertise.

The income approach heavily relies on subjective assumptions to which the valuation is highly sensitive and detailed operational information and long-term financial projections are also needed to arrive at an indication of value. The long-term financial projections could not be reliably estimated with sufficient information due to the unpredictability on the long-term IPO and underwriting projects pipeline engaged by RSL.

The cost approach does not directly incorporate information about the economic benefits contributed by the subject asset and ignores the profitability and growth potential of business. Further, RSL is a securities service company with asset-light nature, so the cost approach is not appropriate.

As a result, the market approach was considered to be the most appropriate valuation approach in the valuation, as it is the most direct valuation approach which reflects the value obtained as a result of a consensus of what others in the market have judged it to be.

10. VALUATION METHODOLOGY

Under the market approach, guideline company method was adopted in the valuation. The guideline company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset, with adjustments of control premium and discount for lack of marketability if applicable. In applying the guideline company method, price multiples for publicly listed companies that are considered to be comparable to RSL were calculated. The price multiples are ratios that relate business value to some measure of the company's financial performance.

11. VALUATION PARAMETERS

Comparable Companies

For the purpose of our valuation, we referred to the information in respect of publicly listed companies that are considered to be comparable to RSL (referred to as the “**Comparable Companies**”).

Selection Criteria of the Comparable Companies

The selection of the Comparable Companies was based on the comparability of the overall industry sector and geographical location. Although no two companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes.

Regarding the industry sector and geographical location of RSL, the availability of the financial information in calculating the price multiples adopted in the valuation and the revenue scales of RSL, the following criteria were considered as reasonable to select the Comparable Companies.

The selection criteria of the Comparable Companies are as follows:

- The principal activities of the Comparable Companies are located in Hong Kong according to the latest available financial statements;

- As at the valuation date, the Comparable Companies are principally engaged in the provision of securities dealing and brokerage services, placing and underwriting services and the related operation;
- The Comparable Companies have positive earnings for the trailing 12 months as stated in the latest available financial statements;
- The Comparable Companies are listed on the Stock Exchange of Hong Kong;
- Shares of the Comparable Companies are trading on the Stock Exchange of Hong Kong as at the date of valuation;
- The market capitalization of the Comparable Companies are less than HK\$10 billion as at the date of valuation; and
- Detailed financial information in respect of the Comparable Companies is available at publicly available sources.

Selected Comparable Companies

Given the abovementioned selection criteria and screening process, the Comparable Companies were considered to be exhaustive, fair and representative samples. Details of the Comparable Companies are as follows:

Comparable Company 1

Name of Company	:	Kingston Financial Group Limited
Stock Code	:	1031 HK
Stock Exchange	:	Hong Kong
Company Description	:	Kingston Financial Group Limited, through its subsidiaries, operates entertainment and financial services businesses. It offers investment banking, securities trading and financing services.

Comparable Company 2

Name of Company	:	CMBC Capital Holdings Limited
Stock Code	:	1141 HK
Stock Exchange	:	Hong Kong
Company Description	:	CMBC Capital Holdings Limited operates as an investment holding company. It focuses on investments in various business sectors. It serves clients in Hong Kong and China.

Comparable Company 3

Name of Company	:	Central Wealth Group Holdings Limited
Stock Code	:	139 HK
Stock Exchange	:	Hong Kong
Company Description	:	Central Wealth Group Holdings Limited operates as a holding company. Through its subsidiaries, it provides securities brokerage and futures trading, asset management and money lending services to individual and institutional clients, as well as focuses on luxury property investments.

Comparable Company 4

Name of Company	:	Bright Smart Securities & Commodities Group Limited
Stock Code	:	1428 HK
Stock Exchange	:	Hong Kong
Company Description	:	Bright Smart Securities & Commodities Group Limited is a brokerage firm. It provides broking services in securities traded in Hong Kong and selected overseas markets, as well as margin financing services to broking clients.

Comparable Company 5

Name of Company	:	Get Nice Financial Group Limited
Stock Code	:	1469 HK
Stock Exchange	:	Hong Kong
Company Description	:	Get Nice Financial Group Limited is an investment holding company. It provides services including securities, futures and options broking, securities margin financing and corporate finance services.

Comparable Company 6

Name of Company	:	Shenwan Hongyuan HK Limited
Stock Code	:	218 HK
Stock Exchange	:	Hong Kong
Company Description	:	Shenwan Hongyuan HK Limited, through its subsidiaries, provides loan-financing, securities, futures and equity options trading and dealing, underwriting and corporate advisory services. It is also involved in cross-border financing and merger and acquisition by foreign investors.

Comparable Company 7

Name of Company	:	Innovax Holdings Limited
Stock Code	:	2680 HK
Stock Exchange	:	Hong Kong
Company Description	:	Innovax Holdings Limited provides financial and securities services. It offers corporate finance advisory, placing and underwriting, securities dealing and brokerage, asset management and other services. It provides services in Hong Kong.

Comparable Company 8

Name of Company	:	Get Nice Holdings Limited
Stock Code	:	64 HK
Stock Exchange	:	Hong Kong
Company Description	:	Get Nice Holdings Limited operates as a holding company. Through its subsidiaries, it provides financial, property development, personal and property financing, investments and real estate brokerage services. It serves customers in Hong Kong.

Comparable Company 9

Name of Company	:	CL Group (Holdings) Limited
Stock Code	:	8098 HK
Stock Exchange	:	Hong Kong
Company Description	:	CL Group (Holdings) Limited operates as a holding company. Through its subsidiaries, it provides diversified financial services including broking and trading of securities, futures options, placing and underwriting. It serves customers in Hong Kong.

Comparable Company 10

Name of Company	:	Victory Securities (Holdings) Company Limited
Stock Code	:	8540 HK
Stock Exchange	:	Hong Kong
Company Description	:	Victory Securities (Holdings) Company Limited operates as a holding company. Through its subsidiaries, it provides securities trading, margin financing and wealth management services. It serves customers in Hong Kong.

Comparable Company 11

Name of Company	:	China Tonghai International Financial Limited
Stock Code	:	952 HK
Stock Exchange	:	Hong Kong
Company Description	:	China Tonghai International Financial Limited provides financial services covering securities brokerage, corporate financing, asset management, wealth management and other services. It offers its services throughout Hong Kong.

Apart from the Comparable Companies selected, we were not aware of any other listed company that fulfills the selection criteria, and we considered that the selected Comparable Companies are exhaustive.

Price Multiples

In the course of our valuation, we have considered various price multiples including the price-to-earnings (P/E) multiple, price-to-sales (P/S) multiple and the price-to-book (P/B) multiple.

The P/S multiple does not capture differences in cost structure across companies and the P/B multiple does not reflect the value of intangible economic assets such as human capital, and inflation and technological change can cause the book values and market values of assets to differ significantly, therefore the P/E multiple is considered more appropriate because it considers the profitability of different companies and earning power is the primary determinant of value of RSL.

For our valuation, we have adopted the P/E multiple in assessing the value of RSL.

The P/E multiple is a commonly used equity multiple as it has taken into consideration the differences in cost structure across companies. The P/E multiple is calculated as the share price divided by earnings per share (EPS) or calculated as the market capitalization divided by earnings. The financial information for the calculation of the P/E multiples of the Comparable Companies was extracted from the corresponding latest published annual reports of the Comparable Companies available as at the date of valuation.

The P/E multiples of the Comparable Companies are as follows:

Stock Code	Company Name	P/E Multiple
1031 HK	Kingston Financial Group Limited	130.69*
1141 HK	CMBC Capital Holdings Limited	11.97
139 HK	Central Wealth Group Holdings Limited	9.78
1428 HK	Bright Smart Securities & Commodities Group Limited	4.85
1469 HK	Get Nice Financial Group Limited	10.20
218 HK	Shenwan Hongyuan HK Limited	8.98
2680 HK	Innovax Holdings Limited	144.54*
64 HK	Get Nice Holdings Limited	7.40
8098 HK	CL Group (Holdings) Limited	11.73
8540 HK	Victory Securities (Holdings) Company Limited	16.39
952 HK	China Tonghai International Financial Limited	15.61
		Average: 10.77

* Excluded outliers as P/E > 100

In applying the P/E multiple, the average (excluded outliers) of the P/E multiples of the Comparable Companies of 10.77 was multiplied by the forward 12-month net profit of RSL ending 31 March 2022 (referred to as the “**Forward 12-Month Net Profit**”) to determine the equity value of RSL. The average of the P/E multiples of the Comparable Companies was adopted because it is less susceptible to extreme values.

The Forward 12-Month Net Profit is based on the profit guarantee of HK\$15,500,000 for the year ended 31 March 2022 discounted to the date of valuation using an appropriate discount rate.

The resulting equity value of marketable and non-controlling interest was then further adjusted by the discount for lack of marketability to derive our conclusion of valuation.

Discount Rate

The adopted valuation parameters of the discount rate are as follows:

Valuation Parameter	As at 30 June 2021
a. Risk-free Rate	1.11%
b. Beta Coefficient	0.607
c. Market Risk Premium	6.72%
d. Size Premium	3.16%
e. Company-specific Risk Premium	1.00%
f. Cost of Equity	9.35%
g. Cost of Debt	5.00%
h. After-tax Cost of Debt	4.18%
i. Weight of Debt	49.08%
j. Weight of Equity	50.92%
k. Discount Rate	6.81%

Discount for Lack of Marketability (DLOM)

The discount for lack of marketability is a downward adjustment to the value of an investment to reflect its reduced level of marketability. The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell.

DLOM reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

As RSL is unlikely to undergo public offering and shares of RSL are unlikely to be listed in any major stock exchange or be marketable in any over-the-counter market in the near future, the ownership interests in RSL are not readily marketable. However, the P/E multiples of the Comparable Companies adopted in the valuation were calculated from public listed companies, which represent marketable ownership interest; value calculated using such P/E multiples, therefore, represents the marketable interest. Thus, DLOM was adopted to adjust such marketable interest value to non-marketable interest value.

According to the Stout Restricted Stock Study published by Stout Risius Ross, LLC (a global leading valuation advisory, investment banking, dispute consulting and management consulting firm founded in 1991) in 2021, DLOM is estimated as the percentage difference between the private placement price per share and the market

trading price per share. 762 relevant private placement transactions of unregistered common stock issued by publicly traded companies from 1980 to 2020 have been examined in the Stout Restricted Stock Study. Premium in the market for restricted stock, which is considered as the result of an investment opportunity not available to other investors or an unidentifiable relationship with the seller, has been excluded.

The median discount rate of 15.80% calculated from the 762 transactions in the Stout Restricted Stock Study as DLOM was adopted for the valuation.

12. STATEMENT OF INDEPENDENCE

We hereby certify that we have neither present nor prospective interest in the Company, RSL, their respective subsidiaries and associated companies or the result reported. In addition, our directors are neither directors, supervisors nor officers of the Company or RSL.

In the course of our valuation, we are acting independently of all parties related to this valuation. Our fees are agreed on a lump-sum basis and are not correlated with the results of our valuation.

13. REMARKS

For the purpose of our valuation, we have been furnished with information provided by the senior management of the Company. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made or liability assumed for the accuracy of any data, opinions or valuations identified as being furnished by others, which have been used in formulating our analysis.

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollar (HK\$).

14. CONCLUSION OF VALUE

Our conclusion of value is based on accepted valuation procedures and practices that rely on the use of numerous assumptions and the consideration of a lot of uncertainties, not all of which can be easily ascertained or quantified.

Further, whilst the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to uncertainties and contingencies that are beyond the control of the Company, RSL or us.

Based on our analysis outlined in this report, it is our independent opinion that the market value of 25% equity interest in RaffAello Securities (HK) Limited (i.e. RSL) as at 30 June 2021 was **HK\$33,400,000 (HONG KONG DOLLARS THIRTY THREE MILLION AND FOUR HUNDRED THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
Malcolm & Associates Appraisal Limited

Wong Yung Shing

*LLB(Hon.) (London) Prof. Dip. (Est. Mgt) (HK Poly U),
B.Sc. (Land Administration) (Hons.), (London), MHKIS,
MRICS, ACI Arb, MHKI Arb, MHKIREA, RPS(GP), FBuildE*
Associate Director

Note:

Mr. Wong Yung Shing is a corporate member of The Hong Kong Institute of Surveyors (General Practice) and The Royal Institution of Chartered Surveyors (Valuation Path) since early 1990s. Since 1989, he has continuously practiced for the valuation of corporeal and incorporeal properties and intangible asset, enterprise and business projects, including the valuation of properties in Hong Kong and the People's Republic of China, for diverse purposes and specialized in the expert witness services of property disputes, civil aviation, airport built infrastructure, and valuation. He is the unique business valuation record holder of Commonwealth Countries and Hong Kong Legal System (HKCFA Case No.: FAMV 18 of 2010).

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 Company. 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

(a) Interests of Directors and chief executives

As at the Latest Practicable Date, the interests of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required 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 (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in the Shares and underlying Shares of the Company:

Name of Director(s)	Nature of interest	Number of Share(s) held	Number of underlying Shares held pursuant to share options <i>(Note 2)</i>	Total	Approximate percentage of shareholding <i>(Note 3)</i>
Mr. Pan Chik	Interest in controlled corporation/ Beneficial Owner	532,685,000 <i>(Note 1)</i>	8,000,000	540,685,000	56.32%
Mr. Kwan Chun Yee Hidulf	Beneficial Owner	—	8,000,000	8,000,000	0.83%

Notes:

- These 532,685,000 Shares are held by Autumn Ocean Limited which is wholly-owned by Mr. Pan Chik and hence, Mr. Pan Chik is deemed, or taken to be, interested in all the Shares held by Autumn Ocean Limited for the purposes of the SFO.
- Each of Mr. Pan Chik and Mr. Kwan Chun Yee Hidulf, the executive Directors, was granted on 4 January 2021 8,000,000 share options under the share option scheme of the Company adopted on 23 June 2016 at an exercise price of HK\$0.096 per Share with a validity period of five years from the date of grant.
- The percentage is calculated on the basis of 960,000,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders and other persons' interests in the Shares and the underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares 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 who was 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 any member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital:

Long position in the Shares and underlying Shares of the Company:

Name	Capacity/ Nature of interests	Number of Shares held/ interested in	Number of underlying Shares held	Total	Approximate percentage of shareholding <i>(Note 3)</i>
Ms. Liu Ming Lai Lorna <i>(Note 1)</i>	Interest of spouse	532,685,000	8,000,000	540,685,000	56.32%
Autumn Ocean Limited <i>(Note 2)</i>	Beneficial owner	532,685,000	—	532,685,000	55.49%

Notes:

- Ms. Liu Ming Lai Lorna is the spouse of Mr. Pan. She is deemed, or taken to be, interested in all Shares and underlying Shares in which Mr. Pan is interested in for the purposes of the SFO.
- Autumn Ocean Limited is a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Pan, being the executive Director, chairman and chief executive officer of the Company. Mr. Pan is the sole director of Autumn Ocean Limited as at the Latest Practicable Date.
- The percentage is calculated on the basis of 960,000,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of 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' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. DIRECTOR'S INTERESTS IN CONTRACTS OR ARRANGEMENTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interests in the assets which had been, since 31 December 2020, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

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

5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interests in a business which competes or may compete, either directly or indirectly, with the businesses of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts (the “**Experts**”) who have given their opinions or advices which are contained in this circular:

Name	Qualification
Malcolm & Associates Appraisal Limited	Independent valuer
Vinco Capital Limited	A licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the incorporation of its letter or advice, and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the Experts did not have any shareholding, direct or indirect, 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.

In addition, as at the Latest Practicable Date, each of the Experts did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company 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.

9. GENERAL

- (a) The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (b) The head office and principal place of business in Hong Kong of the Company is situated at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Ocorian Trust (Cayman) Limited at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (e) The company secretary of the Company is Mr. Mak Yat Tang Anthony, a certified public accountant (non-practising) in Hong Kong.

- (f) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM, being a period of not less than 14 days:

- (a) the Sale and Purchase Agreement;
- (b) the Supplemental Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (d) the letter from Vinco Capital, the text of which is set out on pages IFA-1 to IFA-30 of this circular;
- (e) the Valuation Report issued by Malcolm & Associates Appraisal Limited as set out in Appendix I to this circular;
- (f) the consent letters as referred to in the paragraph headed “8. Qualification and consent of experts” in this Appendix; and
- (g) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 an extraordinary general meeting (the “**Meeting**”) of Astrum Financial Holdings Limited (the “**Company**”) will be held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Thursday, 23 September 2021 at 11:00 a.m., for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the conditional sale and purchase agreement dated 6 July 2021 (as amended and supplemented by the supplemental agreement dated 15 July 2021) (the “**Sale and Purchase Agreement**”) and entered into amongst RaffAello Holdings Limited as vendor (the “**Vendor**”), the Company as purchaser and RS (BVI) Holdings Limited as target company (the “**Target Company**”) in relation to the proposed acquisition of 25% of the issued share capital (the “**Sale Shares**”) of the Target Company by the Company from the Vendor (the “**Acquisition**”) for a consideration of HK\$32,853,000 (the “**Consideration**”) (a copy of which has been produced to the Meeting and marked “A” and initialed by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfillment (or waiver, as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, the directors (each a “**Director**”) of the Company be and are hereby granted a specific mandate to allot and issue 233,000,000 new shares of HK\$0.01 each in the capital of the Company (the “**Consideration Share(s)**”) to the Vendor (and/or its nominee(s)), credited as fully paid, at the issue price of HK\$0.141 per Consideration Share pursuant to the terms and conditions of the Sale and Purchase Agreement; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things, to sign and execute all such documents (and to affix the common seal of the Company thereon, if necessary) for the purpose of, or in connection with, the implementation of and giving effect to the Sale and Purchase Agreement, including but not limited to the allotment and issue of the Consideration Shares, and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Sale and Purchase Agreement which he/she/they consider necessary, desirable or expedient.”
2. “**THAT** subject to and conditional upon the passing of the ordinary resolution numbered 1 above as set out in this notice convening the Meeting, the appointment of Mr. Tsang Kin Hung as an executive Director upon completion of the Acquisition be and is hereby approved and the board of Directors be and is hereby authorised to fix his remuneration.”

SPECIAL RESOLUTION

3. “**THAT:**
- (a) subject to and conditional upon the passing of the ordinary resolution numbered 1 above as set out in this notice convening the Meeting and the fulfillment of the other conditions precedent in relation to the proposed change of name of the Company, the existing English name of the Company be changed from “Astrum Financial Holdings Limited” to “RaffAello-Astrum Financial Holdings Limited” and the existing dual foreign name in Chinese of the Company, being “阿仕特朗金融控股有限公司” be dispensed with (the “**Change of the Company Name**”) with effect from the date on which the Registrar of Companies in the Cayman Islands issues the certificate of incorporation on change of name confirming the new name has been registered be and is hereby approved; and
- (b) any one of the Directors or officer of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents as he/she may consider necessary, desirable or expedient to give effect to the Change of the Company Name and to attend to any necessary registration and/or filing for and on behalf of the Company.”

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

Hong Kong, 7 September 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:
Windward 3
Regatta Office Park
PO Box 1350
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

Notes:

1. A shareholder of the Company entitled to attend and vote at the Meeting convened is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. **In order to facilitate the prevention and control of the spread of the Novel Coronavirus (COVID-19) epidemic and to safeguard the health and safety of the shareholders of the Company (“Shareholders”), the Company strongly encourages Shareholders to consider appointing the chairman of the meeting as his/her proxy to vote on the resolution as an alternative to attending in person.**
2. In case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
3. To be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notorially certified copy of such power or authority must be deposited 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 not less than 48 hours before the time appointed for the holding of the Meeting (i.e. at or before 11:00 a.m. on Tuesday, 21 September 2021) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude a member from attending and voting in person.
4. The voting at the Meeting shall be taken by poll.
5. The register of members of the Company will be closed on Thursday, 23 September 2021 for determining Shareholders’ entitlement to attend and vote at the Meeting, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the Meeting, all completed transfer forms 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 not later than 4:30 p.m. on Tuesday, 21 September 2021.
6. If typhoon signal no. 8 or above, or a “black” rainstorm warning is in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will publish an announcement on the website of the Company at www.astrum-capital.com and on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com to notify the Company’s shareholders of the date, time and venue of the rescheduled meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, 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 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 GEM at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.astrum-capital.com.