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RaffAello-Astrum Financial Holdings Limited

(formerly known as 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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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

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

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

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

SUMMARY

- Revenue for the nine months ended 30 September 2021 amounted to approximately HK\$10.9 million while revenue for the nine months ended 30 September 2020 amounted to approximately HK\$40.9 million.
- Loss and total comprehensive expense attributable to owners of the Company for the nine months ended 30 September 2021 amounted to approximately HK\$12.6 million while loss and total comprehensive expense attributable to owners of the Company for the nine months ended 30 September 2020 amounted to approximately HK\$1.1 million.
- Basic loss per share for the nine months ended 30 September 2021 amounted to approximately HK1.36 cents while basic loss per share for the nine months ended 30 September 2020 amounted to approximately HK0.14 cents.
- At a board meeting of the Company held on 7 May 2021, the Board did not recommend the payment of interim dividend for the three months ended 31 March 2021 (three months ended 31 March 2020: HK\$0.005 per share).
- At a board meeting of the Company held on 6 August 2021, the Board did not recommend the payment of interim dividend for the three months ended 30 June 2021 (three months ended 30 June 2020: HK\$0.0025 per share).
- At a board meeting of the Company held on 5 November 2021, the Board did not recommend the payment of interim dividend for the three months ended 30 September 2021 (three months ended 30 September 2020: HK\$0.0025 per share).

UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months and nine months ended 30 September 2021 together with the comparative unaudited figures for the corresponding periods in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021

		Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	3,192	5,021	10,910	40,868
Other income	4	148	1,426	1,317	2,427
Net realised (loss) / gain arising from financial assets at fair value through profit or loss		(28)	30	272	65
Net unrealised (loss) / gain arising from financial assets at fair value through profit or loss		(469)	40	(739)	118
Administrative and other operating expenses		(6,779)	(6,183)	(22,888)	(42,962)
Finance costs		(312)	(1,055)	(1,513)	(1,648)
Loss before tax	5	(4,248)	(721)	(12,641)	(1,132)
Income tax expense	6	—	—	—	—
Loss and total comprehensive expense for the period		(4,248)	(721)	(12,641)	(1,132)
Loss per share					
— Basic and diluted (HK cents)	8	(0.44)	(0.09)	(1.36)	(0.14)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	
Nine months ended 30 September 2020						
Balance at 1 January 2020 (Audited)	8,000	77,179	38,401	–	59,964	183,544
Loss and total comprehensive expense for the period	–	–	–	–	(1,132)	(1,132)
Dividends recognised as distribution during the period (Note 7)	–	–	–	–	(6,000)	(6,000)
Balance at 30 September 2020 (Unaudited)	<u>8,000</u>	<u>77,179</u>	<u>38,401</u>	<u>–</u>	<u>52,832</u>	<u>176,412</u>
Nine months ended 30 September 2021						
Balance at 1 January 2021 (Audited)	8,000	77,179	38,401	–	49,843	173,423
Loss and total comprehensive expense for the period	–	–	–	–	(12,641)	(12,641)
Issue of new shares	3,930	42,203	–	–	–	46,133
Transaction costs attributable to issue of shares	–	(229)	–	–	–	(229)
Recognition of equity-settled share-based payments	–	–	–	1,262	–	1,262
Balance at 30 September 2021 (Unaudited)	<u>11,930</u>	<u>119,153</u>	<u>38,401</u>	<u>1,262</u>	<u>37,202</u>	<u>207,948</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

1. GENERAL INFORMATION

RaffAello-Astrum Financial Holdings Limited (formerly known as Astrum Financial Holdings Limited) (the “**Company**”) was incorporated in the Cayman Islands on 13 January 2015 as an exempted company with limited liability. The shares of the Company are listed on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

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

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

2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements under Chapter 18 of the GEM Listing Rules. The unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2020, except in relation to the adoption of the new and revised HKFRSs (the “**New and Revised HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting beginning on 1 January 2021.

The adoption of these New and Revised HKFRSs in the current period has had no material impact on the Group’s financial performance and position for the current and prior periods and/or disclosure set out in the unaudited condensed consolidated financial statements.

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

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

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

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

⁴ Effective for annual periods beginning on or after 1 April 2021

The Group is in the process of making an assessment of the impact for those New and Revised HKFRSs, which are not yet effective, upon initial application but is not yet in a position to state whether these New and Revised HKFRSs would have a significant impact on the Group's results of operation and financial position.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee of the Company. The unaudited condensed financial statements were approved by the Board for publication on 5 November 2021.

3. REVENUE

The Group's revenue for the three months and nine months ended 30 September 2021 and 2020 are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customers				
Commission from brokerage services	1,062	660	2,659	1,891
Placing and underwriting commission	244	107	1,473	30,507
Corporate finance advisory services fee	360	750	1,438	1,765
Asset management services				
– Fund management and performance fee	366	1,096	1,421	1,742
	2,032	2,613	6,991	35,905
Revenue from other sources				
Interest income from securities and initial public offering financing	1,160	2,408	3,919	4,963
Total revenue	3,192	5,021	10,910	40,868

Disaggregation of revenue from contracts with customers

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Timing of revenue recognition from contracts with customers				
– At a point in time	2,466	767	8,051	32,398
– Over time	726	1,846	2,859	3,507
	3,192	2,613	10,910	35,905

4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income from				
– banks	–	40	2	559
– others	1	2	3	4
Dividend income	13	20	31	34
Administrative services income	18	1	25	5
Management fee income	18	9	70	24
Handling fee income	98	131	1,183	528
Sundry income	–	1,223	3	1,273
	148	1,426	1,317	2,427

5. LOSS BEFORE TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Auditors' remuneration	158	158	473	473
Commission expenses	4	5	149	23,813
Depreciation of property, plant and equipment	617	124	1,691	341
Depreciation of right-of-use assets	—	703	937	2,108
Interest expense on bank overdrafts and borrowings	312	1,044	1,510	1,600
Interest expense on lease liabilities	—	11	3	48
Net foreign exchange gain	—	(43)	(22)	(16)
Employee benefits expense:				
Salaries and other benefits	3,656	4,049	12,787	12,144
Commission to accounts executives	209	78	593	176
Contributions to retirement benefit scheme	96	91	301	267
Total employee benefits expense, including directors' emoluments	3,961	4,218	13,681	12,587

6. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:				
– Current period	—	—	—	—

Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000 for the three months and nine months ended 30 September 2021 and 2020.

7. DIVIDENDS

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period				
– Q1 Dividend	–	–	–	4,000
– Q2 Dividend	–	2,000	–	2,000
	<u>–</u>	<u>2,000</u>	<u>–</u>	<u>6,000</u>

At a board meeting of the Company held on 7 May 2021, the Board did not recommend the payment of interim dividend for the three months ended 31 March 2021 (three months ended 31 March 2020: HK\$0.005 per share).

At a board meeting of the Company held on 6 August 2021, the Board did not recommend the payment of interim dividend for the three months ended 30 June 2021 (three months ended 30 June 2020: HK\$0.0025 per share).

At a board meeting of the Company held on 5 November 2021, the Board did not recommend the payment of interim dividend for the three months ended 30 September 2021 (three months ended 30 September 2020: HK\$0.0025 per share).

8. LOSS PER SHARE

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss				
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(4,248)</u>	<u>(721)</u>	<u>(12,641)</u>	<u>(1,132)</u>

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>962,539,700</u>	<u>800,000,000</u>	<u>929,214,100</u>	<u>800,000,000</u>

The calculation of the diluted loss per share for the three months and the nine months ended 30 September 2021 did not assume the exercise of the Company's outstanding share options at each of the period ends as the exercise of which by the holders of share options would have an anti-dilutive effect.

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary share in issue during the three months and nine months ended 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of brokerage services, placing and underwriting services, corporate finance advisory services, financing services including securities and initial public offering (“**IPO**”) financing, and asset management services.

The financial results of the Group for the nine months ended 30 September 2021 (the “**Current Period**”) were unsatisfactory due to (i) the significant decrease in placing and underwriting commission income; and (ii) the recognition of equity-settled share-based payments, which was partially offset by the significant decrease in administrative and other operating expenses.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Period was approximately HK\$10.9 million as compared to the revenue of approximately HK\$40.9 million for the nine month ended 30 September 2020 (the “**Corresponding Period**”), representing a significant decrease of approximately 73.3%. Such decrease was mainly attributable to the significant decrease in commission income from placing and underwriting services.

Commission from brokerage services increased from approximately HK\$1.9 million for the Corresponding Period to approximately HK\$2.7 million for the Current Period, representing an increase of approximately 42.1%. Such increase was attributable to the active market.

Revenue derived from placing and underwriting services decreased significantly from approximately HK\$30.5 million for the Corresponding Period to approximately HK\$1.5 million for the Current Period, representing a decrease of approximately 95.1%. During the Current Period, the Group completed seven placing and underwriting engagements as compared to eight placing and underwriting engagements in the Corresponding Period.

Corporate finance advisory services fee decreased from approximately HK\$1.8 million for the Corresponding Period to approximately HK\$1.4 million for the Current Period, representing a decrease of approximately 22.2%. During the Current Period, the Group charged twelve financial advisory engagements as compared to fourteen financial advisory engagements in the Corresponding Period.

Interest income from securities and IPO financing decreased from approximately HK\$5.0 million for the Corresponding Period to approximately HK\$3.9 million for the Current Period, representing a decrease of approximately 22.0%. Such decrease was attributable to the decreased demand for margin financing service from customers.

Asset management services fee decreased from approximately HK\$1.7 million for the Corresponding Period to approximately HK\$1.4 million for the Current Period, representing a decrease of approximately 17.7%. The management fee increased from approximately HK\$1 million for the Corresponding Period to approximately HK\$1.1 for the Current Period. For the Current Period, the Group recognised a performance fee of approximately HK\$0.3 (Corresponding Period: HK\$0.7 million) as the net asset value per share of Astrum Absolute Return China Fund surpassed the high water mark achieved in 2020.

Other income

Other income decreased significantly from approximately HK\$2.4 million for the Corresponding Period to approximately HK\$1.3 million for the Current Period, representing a decrease of approximately 45.8%. Such decrease was mainly due to the absence of subsidies from the Employment Support Scheme and the Subsidy Scheme for the Securities Industry under the Anti-epidemic Fund (Corresponding Period: approximately HK\$1.3 million).

Financial assets at fair value through profit or loss

The Company has invested a certain portion of the idle cash in high quality industry leaders listed on the Stock Exchange, investment fund and short-term bonds.

Net realised gain arising from financial assets at fair value through profit or loss amounted to approximately HK\$272,000 during the Current Period (Corresponding Period: approximately HK\$65,000). Net unrealised loss arising from financial assets at fair value through profit or loss amounted to approximately HK\$739,000 during the Current Period as compared to the net unrealised gain arising from financial assets at fair value through profit or loss of approximately HK\$118,000 for the Corresponding Period.

Administrative and other operating expenses

Administrative and other operating expenses decreased significantly from approximately HK\$43.0 million for the Corresponding Period to approximately HK\$22.9 million for the Current Period, representing a decrease of approximately 46.7%. Such decrease was mainly due to the significant decrease in commission expenses in respect of the placing and underwriting services from approximately HK\$23.8 million for the Corresponding Period to approximately HK\$0.1 million for the Current Period, which was partially offset by the recognition of equity-settled share-based payments of approximately HK\$1.3 million for the Current Period (Corresponding Period: Nil).

Finance costs

Finance costs decreased from approximately HK\$1.6 million for the Corresponding Period to approximately HK\$1.5 million for the Current Period, representing a decrease of approximately 6.3%. The finance costs were mainly incurred for the utilisation of IPO loans borrowed from a bank.

LOSS FOR THE PERIOD

As a result of the foregoing, loss of approximately HK\$1.1 million for the Corresponding Period significantly increased to approximately HK\$12.6 million for the Current Period.

PROSPECTS

In the views of the International Monetary Fund (“IMF”), the global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022, 0.1 percentage point lower for 2021 than in the July forecast. The downward revision for 2021 reflects a downgrade for advanced economies and for low-income developing countries, largely due to worsening pandemic dynamics.

Global prospects remain highly uncertain. New virus mutations and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. The global and Hong Kong stock markets face continuous risks and uncertainties. The management of the Group would review and adjust business strategies on a regular basis with a prudent and balanced risk management approach so as to cope with the current unpredictable economic situation.

MATERIAL INVESTMENTS

On 6 July 2021 and 15 July 2021, Astrum Financial Holdings Limited (the previous name of the Company), RaffAello Holdings Limited (the “**Vendor**”) and RS (BVI) Holdings Limited (the “**Target Company**”) entered into a sales and purchase agreement (the “**Sales and Purchase Agreement**”) and a supplemental agreement (the “**Supplemental Agreement**”), respectively, pursuant to which the Company has conditionally and finally agreed to purchase, and the Vendor has conditionally and finally agreed to sell 25% of the issued share capital of the Target Company for the consideration of HK\$32,853,000 (the “**Acquisition**”), which shall be satisfied by way of allotment and issue of an aggregate of 233,000,000 consideration shares at HK\$0.141 per consideration share, credited as fully paid, to the Vendor.

All conditions set out in the Sales and Purchase Agreement have been fulfilled and completion took place on 30 September 2021 in accordance with the terms and conditions of the Sales and Purchase Agreement. Upon completion, the Target Company is owned as to 75% and 25% by the Vendor and the Company, respectively. As such, the Target Company is accounted for as an associate company of the Company.

The Target Company wholly owns RaffAello Securities (HK) Limited (“**RSL**”), a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. 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 RaffAello Capital Limited (“**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. 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.

CHANGE OF COMPANY NAME, STOCK SHORT NAMES AND WEBSITE ADDRESS

As announced on 26 October 2021, the English name of the Company has been changed from Astrum Financial Holdings Limited to RaffAello-Astrum Financial Holdings Limited and the dispensation of the dual foreign name in Chinese of the Company, being “阿仕特朗金融控股有限公司”. The stock short name of the Company for trading in the shares of the Company on the Stock Exchange have been changed from “ASTRUM FIN” to “RAFFAELLOASTRUM”, and the existing Chinese stock short name of “阿仕特朗金融” has been dispensed with and no Chinese stock short name has been adopted by the Company, with effect from 9:00 a.m. on 29 October 2021. The Company’s website has been changed from “www.astrum-capital.com” to “www.astrum-capital.com/raffaello-astrum/” with effect from 29 October 2021.

EVENT AFTER THE REPORTING PERIOD

Subsequent to 30 September 2021 and up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors.

INTERIM DIVIDEND

At a board meeting of the Company held on 5 November 2021, the Board did not recommend the payment of interim dividend for the three months ended 30 September 2021 (three months ended 30 September 2020: HK\$0.0025 per share).

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 September 2021, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) held by the Directors and chief executives of the Company (the “**Chief Executives**”) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity/Nature of interests	Number of shares held	Number of underlying shares held (Note 1)	Total	Approximate percentage of shareholding (Note 4)
Mr. Pan Chik (“ Mr. Pan ”)	Interest of a controlled corporation/Beneficial owner	532,685,000 (Note 2)	8,000,000	540,685,000	45.32%
Mr. Tsang Kin Hung (“ Mr. Tsang ”)	Interest of a controlled corporation	233,000,000 (Note 3)	—	233,000,000	19.53%
Mr. Kwan Chun Yee Hidulf	Beneficial owner	—	8,000,000	8,000,000	0.67%

Notes:

1. Each of Mr. Pan and Mr. Kwan Chun Yee Hidulf, the executive Directors, was granted on 4 January 2021 8,000,000 share options under the Scheme at an exercise price of HK\$0.096 per share with a validity period of five years from the date of grant.
2. These 532,685,000 shares are held by Autumn Ocean Limited which is wholly owned by Mr. Pan and hence, Mr. Pan is deemed, or taken to be, interested in all the shares held by Autumn Ocean Limited for the purposes of the SFO.
3. These 233,000,000 Shares are held by RaffAello Holdings Limited which is wholly-owned by Captain Expert Limited, which in turn is owned as to 70% by Mr. Tsang and 30% by Ms. Qin Siu Kiu Michelle (“**Mrs. Tsang**”), who is the spouse of Mr. Tsang. Hence, Mr. Tsang and Mrs. Tsang are deemed, or taken to be, interested in all the Shares held by RaffAello Holdings Limited for the purposes of the SFO.
4. The percentage is calculated on the basis of 1,193,000,000 shares in issue as at 30 September 2021.

Save as disclosed above, as at 30 September 2021, none of the Directors or Chief Executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, which would have to be recorded in the register referred to therein, or pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, which would have to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors and the Chief Executives are aware, as at 30 September 2021, other than the Directors and Chief Executives, the following persons had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Name	Capacity/Nature of interests	Number of shares held/interested in	Number of Underlying shares held	Total	Approximate percentage of shareholding (Note 3)
Ms. Liu Ming Lai Lorna (Note 1)	Interest of spouse	532,685,000	8,000,000	540,685,000	45.32%
Autumn Ocean Limited	Beneficial interest	532,685,000	-	532,685,000	44.65%
Mrs. Tsang (Note 2)	Interest of a controlled corporation	233,000,000	-	233,000,000	19.53%
RaffAello Holdings Limited (Note 2)	Beneficial interest	233,000,000	-	233,000,000	19.53%

Notes:

1. Ms. Liu Ming Lai Lorna is the spouse of Mr. Pan. She is deemed, or taken to be, interested in all shares in which Mr. Pan is interested for the purposes of the SFO.
2. RaffAello Holdings Limited is wholly-owned by Captain Expert Limited, which in turn is owned as to 70% by Mr. Tsang and 30% by Mrs. Tsang. Hence, Mr. Tsang and Mrs. Tsang are deemed, or taken to be, interested in all the Shares held by RaffAello Holdings Limited for the purposes of the SFO.
3. The percentage is calculated on the basis of 1,193,000,000 shares in issue as at 30 September 2021.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

SHARE OPTION SCHEME

The Scheme was adopted by the Company on 23 June 2016. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years. Under the Scheme, the Board shall be entitled to offer or grant a share option to any eligible participant whom the Board may select at its absolute discretion.

On 4 January 2021, share options were granted to 11 eligible persons under the Scheme to subscribe for an aggregate of 80,000,000 shares at an exercise price of HK\$0.096 per share with a validity period of five years from the date of grant. During the nine months ended 30 September 2021, no share options were lapsed, exercised or cancelled. As at 30 September 2021, there were 80,000,000 share options outstanding.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS" in this announcement, at no time during the Current Period and as at 30 September 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and Chief Executives (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporation.

COMPETING INTERESTS

As at 30 September 2021, each of Mr. Tsang, Mrs. Tsang and RaffAello Holdings Limited were interested in the following companies which compete or may compete, either directly or indirectly, with the business of the Company: (i) Captain Expert Limited (an investment holding company); (ii) RaffAello Holdings Limited (an investment holding company); (iii) RaffAello Investment Management (HK) Limited (a corporation licensed to carry out Type 9 (asset management) regulated activity under the SFO); (iv) RC (BVI) Holdings Limited (an investment holding company); (v) RaffAello Capital Limited (a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO); (vi) RS (BVI) Holdings Limited (an investment holding company and an associate company of the Company on or after 30 September 2021); and (vii) RaffAello Securities (HK) Limited (a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO).

Save as disclosed in the above, as at 30 September 2021, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PAN'S NON-COMPETITION UNDERTAKING

The Company received from Mr. Pan and Autumn Ocean Limited a confirmation in October 2021 on their compliance of the non-competition undertaking ("**Pan's Undertaking**") under the deed of non-competition dated 23 June 2016 given by them in favour of the Company (the "**Pan's Deed of Non-Competition**") for the period from 1 July 2021 to 30 September 2021. The independent non-executive Directors reviewed the compliance of Pan's Undertaking and evaluated the effectiveness of the implementation of the Pan's Deed of Non-competition, and were satisfied that Mr. Pan and Autumn Ocean Limited have complied with Pan's Undertaking during the period from 1 July 2021 to 30 September 2021.

TSANG'S NON-COMPETITION UNDERTAKING

On 30 September 2021, Mr. Tsang as covenantor entered into a deed of non-competition in favour of the Company (the **"Tsang's Deed of Non-competition"**).

Pursuant to the Tsang's Deed of Non-competition, Mr. Tsang has irrevocably and unconditionally undertaken to and covenanted with the Company (for itself and as trustee for the benefit of the members of the Group) that during the continuation of the Tsang's Deed of Non-competition, (a) save as disclosed in the section headed **"COMPETING INTERESTS"**, Mr. Tsang shall not, and shall procure each of his close associates (other than any members of the Group) not to, whether on his own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group (including but not limited to 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) in Hong Kong and any other country or jurisdiction to which the Group markets, supplies or otherwise provides such services and/or in which any members of the Group carries on business mentioned above from time to time (the **"Restricted Business"**); (b) if Mr. Tsang and/or any of his close associates is offered or becomes aware of any project or new business opportunity (**"New Business Opportunity"**) that relates to the Restricted Business, whether directly or indirectly, he shall: (i) promptly notify the Company in writing of such opportunity and provide such information as is reasonably required by the Company in order to enable the Company to come to an informed assessment of such opportunity; and (ii) use his best endeavours to procure that such opportunity is offered to the Company on terms no less favourable than the terms on which such opportunity is offered to him and/or his close associates; and (c) if the Group has not given written notice of its desire to invest or participate in such New Business Opportunity or has given written notice denying the New Business Opportunity, Mr. Tsang and/or his close associates shall be permitted to invest in or participate in the New Business Opportunity on his own accord.

The undertakings given in the Tsang's Deed of Non-competition are subject to the exception that Mr. Tsang and his close associates (excluding the Group) are entitled to invest, participate and be engaged in any Restricted Business or any project or business opportunity, regardless of value, which has been offered or made available to the Group, provided always that information about the principal terms thereof has been disclosed to the Company and the Directors, and the Company shall have confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Business and provided also that the principal terms on which that Mr. Tsang or the relevant close associate of Mr. Tsang invests, participates or engages in the Restricted Business are substantially the same as or not more favourable than those disclosed to the Company.

In addition, the undertakings given in the Tsang's Deed of Non-competition do not apply to (a) any existing or former client of the entities disclosed in the section headed **"COMPETING INTERESTS"**, who/which directly offers such entities any New Business Opportunity; (b) any New Business Opportunity which is obtained by the directors and/or responsible officers (excluding Mr. Tsang and/or his close associates) of the entities disclosed in the section headed **"COMPETING INTERESTS"**, through the effort spent by such directors and/or responsible officers of such entities (excluding Mr. Tsang and/or his close associates); (c) any interests in the shares of any member of the Group; and (d) interests in the shares or other securities in any company which has an involvement in the Restricted Business, provided that such shares or securities are listed on a recognised stock exchange, and the total number of the shares held by Mr. Tsang and/or his close associates (excluding the Group) in aggregate does not exceed 10% of the issued shares of that class of the company in question and Mr. Tsang and/or his close associates (excluding the Group) are not entitled to appoint a majority

of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by Mr. Tsang and his close associates in aggregate.

The Company received from Mr. Tsang a confirmation in November 2021 on his compliance of the non-competition undertaking (“**Tsang’s Undertaking**”) under the Tsang’s Deed of Non-competition dated 30 September 2021 given by him in favour of the Company for the date of 30 September 2021. The independent non-executive Directors reviewed the compliance of Tsang’s Undertaking and evaluated the effectiveness of the implementation of the Tsang’s Deed of Non-competition, and were satisfied that Mr. Tsang has complied with Tsang’s Undertaking on 30 September 2021.

DIRECTORS’ SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Current Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the “**CG Code**”).

During the Current Period, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code, save for the deviation from the code provision A.2.1 as explained below.

Pursuant to A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Given the current corporate structure, there is no separation between the roles of the chairman and the chief executive officer. Since May 2007, Mr. Pan has been managing the Group’s business and supervising the overall operations of the Group. The Directors believe that the vesting of the roles of chairman of the Board and chief executive officer in Mr. Pan is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Company has not segregated the roles of the chairman and the chief executive officer as required by A.2.1 of the CG Code.

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at 30 September 2021, the Group had no circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules.

AUDIT COMMITTEE

The chairman of the Audit Committee is Mr. Lau Hon Kee, being an independent non-executive Director, and other members include Mr. Sum Loong and Ms. Yue Chung Sze Joyce (effective from 24 September 2021), both being independent non-executive Directors.

The primary duties of the Audit Committee are to (i) review and monitor the Company's external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (ii) monitor integrity of the Company's financial statements, review annual report and accounts, half-year report and quarterly reports, and review significant financial reporting judgements contained in them; and (iii) review the Company's financial reporting, financial controls, risk management and internal control systems.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee had reviewed the unaudited condensed consolidated interim results of the Group for the Current Period and is of the opinion that such results have complied with applicable accounting standards and GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 5 November 2021

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

Executive Directors

Mr. Pan Chik (Chairman and Chief Executive Officer)
Mr. Tsang Kin Hung (Vice-chairman)
Mr. Kwan Chun Yee Hidulf
Ms. Yu Hoi Ling

Independent Non-executive Directors

Mr. Sum Loong
Mr. Lau Hon Kee
Ms. Yue Chung Sze Joyce

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