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RaffAello-Astrum Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8333)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) together with the comparative audited figures for the year ended 31 December 2020 (the “**Corresponding Year**”). The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	12,911	47,848
Other income		1,888	2,624
Fair value changes on financial assets at fair value through profit or loss		23,134	499
Administrative and other operating expenses		(30,073)	(50,120)
Impairment loss on investment in an associate		(14,661)	–
Finance costs		(1,535)	(2,822)
Share of result of an associate		(92)	–
		<hr/>	<hr/>
Loss before tax	5	(8,428)	(1,971)
Income tax expense	6	(445)	(150)
		<hr/>	<hr/>
Loss and total comprehensive expense for the year attributable to owners of the Company		(8,873)	(2,121)
		<hr/>	<hr/>
Loss per share			
— Basic and diluted (HK cents)	8	(0.89)	(0.27)
		<hr/>	<hr/>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		7,577	3,696
Right-of-use assets		3,199	937
Intangible assets		950	950
Investment in an associate		22,003	–
Financial assets at fair value through profit or loss		8,830	–
Other assets		2,025	2,080
Deferred tax assets		–	54
		<u>44,584</u>	<u>7,717</u>
Current assets			
Trade receivables	9	81,528	73,546
Deposits, prepayments and other receivables		1,879	1,250
Tax recoverable		517	517
Debt securities at amortised cost		12,358	–
Financial assets at fair value through profit or loss		26,876	2,922
Bank balances and cash			
– General accounts and cash		66,420	94,829
– Trust accounts		99,142	101,797
		<u>288,720</u>	<u>274,861</u>
Total assets		<u>333,304</u>	<u>282,578</u>
Current liabilities			
Trade payables	10	112,010	106,934
Other payables and accruals		1,335	1,265
Lease liabilities		2,398	956
		<u>115,743</u>	<u>109,155</u>
Net current assets		<u>172,977</u>	<u>165,706</u>
Total assets less current liabilities		<u>217,561</u>	<u>173,423</u>
Non-current liabilities			
Deferred tax liabilities		391	–
Lease liabilities		817	–
		<u>1,208</u>	<u>–</u>
Net assets		<u>216,353</u>	<u>173,423</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	<i>11</i>	11,930	8,000
Reserves		204,423	165,423
Total equity		216,353	173,423

Notes:

1. GENERAL INFORMATION

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. Its parent and ultimate holding company is Autumn Ocean Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly-owned by Mr. Pan Chik (“**Mr. Pan**”), the controlling shareholder, an executive director and the chairman of the Company.

Pursuant to the special resolution passed by the shareholders at the extraordinary general meeting of the Company held on 23 September 2021, the English name and the dual foreign name in Chinese of the Company be changed from “Astrum Financial Holdings Limited” to “RaffAello-Astrum Financial Holdings Limited” and the dual foreign name in Chinese of the Company, being “阿仕特朗金融控股有限公司” has been dispensed. The certificate of incorporation on change of name of the Company was issued by the Registrar of Companies in the Cayman Islands on 28 September 2021 and the certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 21 October 2021.

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
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 ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
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 April 2021*
- ² *Effective for annual periods beginning on or after 1 January 2022*
- ³ *Effective for annual periods beginning on or after 1 January 2023*
- ⁴ *Effective for annual periods beginning on or after a date to be determined*

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

Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

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

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)

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

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

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

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

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

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

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

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

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

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

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

Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

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

HKFRS 16 Leases

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

HKAS 41 Agriculture

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and by the Hong Kong Companies Ordinance.

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

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

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

4. REVENUE AND SEGMENT INFORMATION

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

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

Revenue from major services

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers		
Commission from brokerage services	3,358	3,009
Placing and underwriting commission	1,351	32,294
Corporate finance advisory services fee	1,848	2,680
Asset management services		
- Fund management and performance fee	1,737	2,307
	<u>8,294</u>	<u>40,290</u>
Revenue from other sources		
Interest income from securities and initial public offering financing	4,617	7,558
Total revenue	<u><u>12,911</u></u>	<u><u>47,848</u></u>

Disaggregation of revenue from contracts with customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Timing of revenue recognition from contracts with customers		
- On a point in time basis	4,709	35,303
- Over time basis	3,585	4,987
	<u>8,294</u>	<u>40,290</u>

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

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

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong.

All of the Group's revenue from external customers during the years ended 31 December 2021 and 2020 are derived from Hong Kong, the place of domicile of the Group's operating subsidiary. All the non-current assets of the Group are located in Hong Kong.

Information about major customers

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	2,066	N/A ¹
Customer B	<u>N/A¹</u>	<u>23,606</u>

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

5. LOSS BEFORE TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before tax has been arrived at after charging/ (crediting):		
Auditors' remuneration	780	630
Commission expenses	27	24,459
Depreciation of property, plant and equipment	2,245	610
Depreciation of right-of-use assets	1,433	2,810
Net foreign exchange gain	(44)	(71)
Expense relating to short-term leases not included in the measurement of lease liabilities	<u>1,137</u>	<u>—</u>
Employee benefits expense:		
Salaries and other benefits	15,524	16,209
Equity-settled share-based payments	1,002	—
Commission to accounts executives	745	386
Contributions to retirement benefit scheme	401	364
Total employee benefits expense, including directors' emoluments	<u>17,672</u>	<u>16,959</u>

6. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current year	—	—
	—	—
Deferred taxation:	445	150
	445	150

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from or arising in Hong Kong during the years ended 31 December 2021 and 2020.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before tax	(8,428)	(1,971)
Tax at Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	(1,391)	(325)
Tax effect of income not taxable for tax purpose	(3,934)	(309)
Tax effect of expenses not deductible for tax purpose	2,675	9
Tax effect of temporary difference not recognised	(161)	4
Tax effect of tax losses not recognised	3,241	860
Utilisation of tax losses previously not recognised	—	(89)
Tax effect of share of result of an associate	15	—
Income tax expense for the year	445	150

7. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends recognised as distribution during the year		
First interim dividend paid of Nil (2020: HK\$0.005) per ordinary share	—	4,000
Second interim dividend paid of Nil (2020: HK\$0.0025) per ordinary share	—	2,000
Third interim dividend paid of Nil (2020: HK\$0.0025) per ordinary share	—	2,000
	<u>—</u>	<u>8,000</u>
	<u>—</u>	<u>8,000</u>

No dividend was paid, declared or proposed by the directors of the Company for the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period.

No final dividend was proposed by the directors of the Company for the year ended 31 December 2020.

8. LOSS PER SHARE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(8,873)</u>	<u>(2,121)</u>
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>995,695,890</u>	<u>800,000,000</u>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options since their assumed exercise would have an anti-dilutive effect for the year ended 31 December 2021.

The computation of diluted loss per share was equal to the basic loss per share as there was no potential ordinary share in issue during the year ended 31 December 2020.

9. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables arising from the ordinary course of business of:		
Dealing in securities		
Clients – cash	604	1,379
Clients – margin	58,935	44,895
Clearing house	20,525	3,882
Subscriptions of new shares in initial public offering	–	22,862
	<u>80,064</u>	<u>73,018</u>
Dealing in futures contracts		
Clearing house	1,173	75
Corporate finance advisory services	75	130
Asset management services	216	323
	<u>81,528</u>	<u>73,546</u>

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

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	22,302	5,336

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	182	403
31 – 60 days	109	50
Total	291	453

10. TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables arising from the ordinary course of business of:		
Dealing in securities		
Clients – cash	37,469	53,175
Clients – margin	71,960	51,523
Clearing house	–	288
	109,429	104,986
Dealing in futures contracts		
Clients	2,581	1,948
	112,010	106,934

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

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

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

11. SHARE CAPITAL

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

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2020, 31 December 2020 and 31 December 2021	2,000,000,000	20,000
Issued and fully paid:		
At 1 January 2020 and 31 December 2020	800,000,000	8,000
Shares issued under placing	160,000,000	1,600
Shares issued for acquisition of an associate	233,000,000	2,330
At 31 December 2021	1,193,000,000	11,930

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The Hong Kong securities market was volatile in 2021. The Hang Seng Index dropped by approximately 14.1% from last year end to approximately 23,398 as at 31 December 2021 and slumped by approximately 24.7% from its peak of approximately 31,085 on 17 February 2021. The uncertain development of the COVID-19 pandemic and its evolving new variants have continued to introduce unprecedented challenges to the recovery of the financial market. Amid the deteriorating financial market and the challenging business environment, the Hong Kong IPO market was dealt with a severe blow, resulting in a drop of global ranking in terms of total proceeds from the second in 2020 to the fourth in 2021. In 2021, the number of newly listed companies decreased by approximately 36.4% to 98 and the fund raising size decreased by approximately 17.2% to approximately HK\$331.3 billion. The following sets out the market statistics in relation to the business of the Group:

	2020	2021	Change
Average daily turnover of			
Hong Kong securities market	HK\$129.5 billion	HK\$166.7 billion	+28.7%
Hang Seng Index (as at the date of year-end)	27,231	23,398	-14.1%
Initial public offering (“IPO”)			
– Number of newly listed companies (including the number of transfer of listing from GEM to Main Board)	154	98	-36.4%
– Total fund raised	HK\$400.1 billion	HK\$331.3 billion	-17.2%
Placing			
– Number of transactions	275	351	+27.6%
– Total fund raised	HK\$290.7 billion	HK\$355.7 billion	+22.4%
Rights issue and open offers			
– Number of transactions	45	58	+28.9%
– Total fund raised	HK\$23.3 billion	HK\$13.3 billion	-42.9%

Source: Website of the Stock Exchange

BUSINESS REVIEW

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

Brokerage services

For the Year, the Group continued to provide its brokerage services for eligible stocks listed on the Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, the Hang Seng Index Futures and Options, the Hang Seng China Enterprises Index Futures and Options and the Hang Seng TECH Index Futures and Options. As at 31 December 2021, the Group had 249 active customers (2020: 242), among which, the ten largest active customers contributed to approximately 48.5% (2020: approximately 46.3%) of the commission income from brokerage services.

Placing and underwriting services

During the Year, the Group completed 7 placing and underwriting engagements (2020: 12 engagements). Revenue derived from placing services amounted to approximately HK\$1.4 million during the Year (2020: approximately HK\$1.9 million) while no revenue were derived from underwriting services during the Year (2020: approximately HK\$30.4 million).

Corporate finance advisory services

The Group was engaged in 13 corporate finance advisory engagements during the Year (2020: 16 engagements), among which, 5 financial advisory engagements contributed to a total revenue of approximately HK\$0.6 million and 8 independent financial advisory engagements contributed to a total revenue of approximately HK\$1.2 million.

Financing services

During the Year, interest income from securities and IPO financing amounted to approximately HK\$4.6 million (2020: approximately HK\$7.6 million), representing a decrease of approximately 39.5%. Such decrease was attributable to the weak demand from client for securities and IPO financing services. To cater for occasional needs of funding for the financing services, the Group maintained staging facilities for IPO loan from a bank during the Year.

Asset management services

During the Year, the Group had been acting as the investment manager of Astrum Absolute Return China Fund (the “**Astrum China Fund**”). As at 31 December 2021, the asset under management of the Astrum China Fund was approximately US\$8.2 million (2020: approximately US\$9.3 million) and the net asset value per share was approximately US\$1,263 (2020: approximately US\$1,425).

FINANCIAL REVIEW

Key financial data

	For the year ended/ As at 31 December 2020 <i>HK\$ '000</i>	For the year ended/ As at 31 December 2021 <i>HK\$ '000</i>	Approximate percentage change
Results of operation			
Revenue	47,848	12,911	-73.0%
Loss before tax	(1,971)	(8,428)	+327.6%
Loss and total comprehensive expense for the year attributable to owners of the Company	(2,121)	(8,873)	+318.3%
Financial position			
Current assets	274,861	288,720	+5.0%
Current liabilities	(109,155)	(115,743)	+6.0%
Net current assets	165,706	172,977	+4.4%
Total equity	173,423	216,353	+24.8%
Key financial ratios			
Net profit margin	N/A	N/A	
Current ratio	2.5	2.5	
Gearing ratio	—	—	
Net debt to equity ratio	Net cash position	Net cash position	
Return on assets	N/A	N/A	
Return on equity	N/A	N/A	

Revenue

Total revenue of the Group for the Year was approximately HK\$12.9 million as compared to approximately HK\$47.8 million for the Corresponding Year, representing a decrease of approximately 73.0%. Such decrease was mainly attributable to the significant decrease in commission income from placing and underwriting services.

Commission from brokerage services increased by approximately 13.3% from approximately HK\$3.0 million for the Corresponding Year to approximately HK\$3.4 million for the Year.

Revenue derived from placing and underwriting services decreased by approximately 95.7% from approximately HK\$32.3 million for the Corresponding Year to approximately HK\$1.4 million for the Year. Such decrease was due to the lack of IPO underwriting services during the Year. The commission income derived from IPO underwriting services, especially for those led by Astrum Capital Management Limited (“**Astrum Capital**”) (an indirect wholly-owned subsidiary of the Group), are generally more sizable.

Corporate finance advisory services fee decreased by approximately 33.3% from approximately HK\$2.7 million for the Corresponding Year to approximately HK\$1.8 million for the Year. Such decrease was due to the decrease in the average advisory fee of the corporate finance advisory engagements charged by the Group during the Year.

Interest income from securities and IPO financing decreased by approximately 39.5% from approximately HK\$7.6 million for the Corresponding Year to approximately HK\$4.6 million for the Year. Such decrease was due to the weak demand from client for securities and IPO financing services.

Asset management fee decreased by approximately 26.1% from approximately HK\$2.3 million for the Corresponding Year to approximately HK\$1.7 million for the Year. During the Year, the Group recognised a management fee of approximately HK\$1.4 million (Corresponding Year: approximately HK\$1.4 million) and charged performance fee of approximately HK\$0.3 million (Corresponding Year: approximately HK\$0.9 million) as the net asset value per share of the Astrum China Fund surpassed the high water mark achieved in 2020.

Other income

During the Year, other income amounted to approximately HK\$1.9 million, representing a decrease of approximately 26.9% as compared to approximately HK\$2.6 million for the Corresponding Year. Such decrease was mainly due to the absence of government subsidies from the Employment Support Scheme and the Subsidy Scheme for the Securities Industry under the Anti-epidemic Fund of the Hong Kong Government during the Year (Corresponding Year: approximately HK\$1.3 million), which was partially offset by (i) the increase in handling fee income of approximately HK\$0.6 million; and (ii) the interest income earned from unlisted debt securities of approximately HK\$0.4 million during the Year (Corresponding Year: Nil).

Fair value changes on financial assets at fair value through profit or loss (“FVTPL”)

The Company has invested a certain portion of the idle cash in high quality industry leaders listed on the Stock Exchange and an unlisted investment fund.

During the Year, the Group recorded a net gain arising from fair value changes on financial assets at FVTPL of approximately HK\$23.1 million (Corresponding Year: approximately HK\$0.5 million), including (a) fair value loss of securities and fund investments of approximately HK\$0.7 million (Corresponding Year: net gain of approximately HK\$0.5 million); and (b) fair value gain of Put and Repurchase Option (as defined in the paragraph headed “MATERIAL ACQUISITIONS OR DISPOSALS” below) of approximately HK\$23.8 million (Corresponding Year: Nil).

The fair value loss of securities and fund investments comprised unrealised loss of approximately HK\$1.0 million and realised gain of approximately HK\$0.3 million. The aforesaid unrealised loss are non-cash in nature and will not have any impact on the cash flows of the Group. In light of volatility in the Hong Kong and global financial markets and economic conditions, the Group will continue to adopt a conservative approach in managing the investment portfolio.

The fair value gain of Put and Repurchase Option (as defined in the paragraph headed “MATERIAL ACQUISITIONS OR DISPOSALS” below) of approximately HK\$23.8 million was determined based on the appraisal of an independent external valuer. Such fair value gain is a non-cash and extraordinary item and will not have any material impact on the Group’s cash flows and daily operation of business.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately 39.9% from approximately HK\$50.1 million for the Corresponding Year to approximately HK\$30.1 million for the Year. Such decrease was due to the absence of commission expenses in respect of placing and underwriting services for the Year (Corresponding Year: approximately HK\$24.4 million).

Impairment loss on investment in an associate

The Group has engaged an independent external valuer to assess the recoverable amount of investment in an associate as at 31 December 2021. Due to the delay in progress of project pipeline of RaffAello Securities (HK) Limited (“**RSL**”) and deterioration of its business affected by the impact of COVID-19 pandemic, the assessed recoverable amount of investment in an associate is significantly lower than its carrying amount as at 31 December 2021, which resulted in the recognition of impairment loss on investment in an associate of approximately HK\$14.7 million for the Year. Such impairment loss on investment in an associate is a non-cash and extraordinary item and will not have any material impact on the Group’s cash flows and daily operation of business.

Finance costs

The finance costs of the Group decreased by approximately 46.4% from approximately HK\$2.8 million for the Corresponding Year to approximately HK\$1.5 million for the Year. The finance costs for the Year were mainly derived from the utilisation of IPO loan borrowed from a bank.

Loss for the Year

As a result of the foregoing, loss of approximately HK\$8.9 million for the Year was recorded as compared to approximately HK\$2.1 million for the Corresponding Year.

BUSINESS UPDATE

In order to seize the opportunities in non-bank financing sector in Hong Kong and diversify the income stream of the Group, Power Gate Capital Limited (“**Power Gate**”), an indirect wholly-owned subsidiary of the Company, has successfully obtained a money lenders license pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in December 2021. It is the intention of the Group that Power Gate will focus on acquisition financing which provides secured loan financing or loan facilities to the intending borrowers for acquisition of shares of listed companies and/or making general offer under the Codes on Takeovers and Mergers and Share Buy-backs (the “**Codes**”), which in turn complements the corporate finance advisory service carrying out by Astrum Capital in respect of general offer under the Codes.

As at the date of this announcement, Power Gate has not yet commenced its business.

PROSPECTS

Entering 2022, despite the rollout of vaccination programs around the globe, with the evolving variants of the COVID-19 pandemic, rising energy prices and supply chain disruptions, coupled with higher-than-anticipated inflation, it is expected that the recovery of the global economy will be slower than expected. The International Monetary Fund (the “IMF”) forecasts that global growth will moderate to 4.4% for 2022 as compared to 5.9% in 2021, incorporating the anticipated effects of mobility restrictions, border closures, and health impacts from the spread of the Omicron variant.

The Hong Kong economy achieved an annual growth of 6.4% in 2021, which reversed the recession recorded in the previous two consecutive years. The IMF Staff Mission expressed compliment on Hong Kong’s economic achievement last year, bolstering her position as an international financial hub. Nonetheless, future uncertainties such as the infectious variants of the pandemic, developments in China-US relations and geopolitical tensions and the downside risks of the global economic outlook should not be overlooked.

Under the unprecedented challenges imposed by COVID-19, the cautious market sentiment is expected to continue casting a shadow on the Hong Kong stock market and bringing a ripple effect to the financial market, which stands in the way of the full recovery of the economy. In this uphill battle, the Group would review and adjust business strategies on regular basis with a prudent and balanced risk management approach, with an aim of striving for sustained income and balanced growth.

Subsequent to 31 December 2021 and up to the date of this announcement, the Group completed 1 corporate finance advisory engagement, and had 1 corporate finance advisory engagement in progress.

EMPLOYEE INFORMATION

As at 31 December 2021, the Group had 30 employees (2020: 27 employees) and 6 account executives (2020: 6 account executives). Total staff costs (including directors’ remuneration) for the Year were approximately HK\$17.7 million (Corresponding Year: approximately HK\$17.0 million).

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

A share option scheme was adopted by the Company on 23 June 2016. During the Year, the Group granted share options to certain Directors and employees. Details of which please refer to the paragraph headed “SHARE OPTION SCHEME” of this announcement.

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

USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 2 February 2021 (after trading hours), the Company entered into a placing agreement (the “**Placing Agreement**”) with Astrum Capital (an indirect wholly-owned subsidiary of the Company, the “**Placing Agent**”), pursuant to which the Company appointed the Placing Agent to place, on a best efforts basis, a maximum of 160,000,000 shares (the “**Placing Shares**”) to not less than six independent placees (the “**Placees**”) at a price of HK\$0.083 per Placing Share (the “**Placing**”). The Board considers that the Placing represents a good opportunity for the Company to raise additional funds and to widen the Company’s shareholder base.

On 24 February 2021, the condition set out in the Placing Agreement has been fulfilled. An aggregate of 160,000,000 Placing Shares have been successfully placed by the Placing Agent to not less than six independent Placees at the placing price of HK\$0.083 per Placing Share. The aggregate nominal value of the Placing Shares was HK\$1.6 million. The gross and net proceeds (after deducting the placing commission and other related expenses of the Placing) from the Placing were approximately HK\$13.28 million and approximately HK\$12.90 million, respectively. The net placing price was approximately HK\$0.081 per Placing Share. The Company intended to apply all the net proceeds from the Placing for enhancing the Group’s capital resources for its financing services including securities and IPO financing. For further details of the Placing, please refer to the announcements of the Company dated 2 February 2021 and 24 February 2021.

As at 31 December 2021, the net proceeds from the Placing was fully utilised as intended.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 December 2021,

- (i) the total assets of the Group amounted to approximately HK\$333.3 million (2020: approximately HK\$282.6 million). The increase in total assets of the Group was mainly attributable to (i) the acquisition of investment in an associate by way of allotment and issue of 233,000,000 shares of the Company; and (ii) the fair value of the Put and Repurchase Option (as defined in the paragraph headed “MATERIAL ACQUISITIONS OR DISPOSALS” below) of approximately HK\$24.3 million;
- (ii) the total equity attributable to owners of the Company amounted to approximately HK\$216.4 million (2020: approximately HK\$173.4 million). The increase in total equity attributable to owners of the Company was mainly due to (i) issue of shares upon acquisition of an associate of approximately HK\$37.3 million; and (ii) issue of shares under placing of approximately HK\$13.3 million, which was partially offset by the loss attributable to owners of the Company of approximately HK\$8.9 million recorded for the Year;
- (iii) the net current assets of the Group amounted to approximately HK\$173.0 million, (2020: approximately HK\$165.7 million) representing an increase of approximately 4.4% and the current ratio of the Group, being the ratio of current assets to current liabilities, remained stable and amounted to approximately 2.5 times (2020: approximately 2.5 times);
- (iv) the total bank balances and cash of the Group, which were substantially denominated in Hong Kong dollars, amounted to approximately HK\$165.6 million (2020: approximately HK\$196.6 million). Such decrease was due to (i) net cash used in operating activities for the Year of approximately HK\$12.9 million; (ii) purchase of debt securities of HK\$12.0 million; (iii) purchase of financial assets at FVTPL of HK\$9.0 million; and (iv) purchase of property, plant and equipment of approximately HK\$6.1 million, which was partially offset by the proceeds from issue of shares of approximately HK\$13.3 million; and
- (v) the Group did not have any debt (2020: Nil) and therefore gearing ratio was not applicable.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charges of assets as at 31 December 2021 (2020: Nil).

FOREIGN EXCHANGE EXPOSURE

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

SIGNIFICANT INVESTMENTS

Details of significant investments, representing investment in an investee company with a value of 5 per cent. or more of the Group's total assets as at 31 December 2021, are set out as follows:

	As at 31 December 2021				During the Year				
	No. of shares held	% of shares held in the investee	% to the Group's total assets	Fair value/Carrying amount (HK\$'000)	Share of result of an associate (HK\$'000)	Impairment loss recognised (HK\$'000)	Fair value gain (HK\$'000)	Dividends income (HK\$'000)	Investment cost (HK\$'000)
Investment in an associate									
– RS (BVI) Holdings Limited	25	25%	6.6%	22,003	(92)	(14,661)	N/A	–	36,756 (Note)
Financial assets at FVTPL									
– Put and Repurchase Option	N/A	N/A	7.3%	24,323	N/A	N/A	23,799	N/A	524 (Note)

Note: The total investment cost of RS (BVI) Holdings Limited of HK\$37,280,000 is calculated by multiplying 233,000,000 consideration shares allotted and issued on 30 September 2021 and the closing price of the consideration shares of HK\$0.16 as at 30 September 2021, of which HK\$36,756,000 and HK\$524,000 relate to cost of investment in an associate and fair value of the Put and Repurchase Option (as defined in the paragraph headed “MATERIAL ACQUISITIONS OR DISPOSALS” below), respectively, on 30 September 2021.

Further details of the significant investments during the Year are disclosed in the paragraph headed “MATERIAL ACQUISITIONS OR DISPOSALS” below.

MATERIAL ACQUISITIONS OR DISPOSALS

Background of the Acquisition

On 6 July 2021, the Company as purchaser, RaffAello Holdings Limited (“**RaffAello Holdings**”) as vendor and RS (BVI) Holdings Limited (“**RS (BVI)**”) entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) (as amended and supplemented by a supplemental agreement dated 15 July 2021), pursuant to which the Company has conditionally agreed to purchase, and RaffAello Holdings has conditionally agreed to sell, 25% of the issued share capital of RS (BVI) (the “**Sale Shares**”) for the consideration of HK\$32,853,000 (the “**Acquisition**”). The Acquisition was satisfied by way of allotment and issue of an aggregate of 233,000,000 consideration shares (the “**Consideration Shares**”) at HK\$0.141 per share, credited as fully paid, to RaffAello Holdings upon completion on 30 September 2021. Upon completion, RS (BVI) is owned as to 75% and 25% by RaffAello Holdings and the Company, respectively, and RS (BVI) is accounted for as an associate company of the Company.

Profit guarantee

Pursuant to the Sale and Purchase Agreement, RaffAello Holdings irrevocably and unconditionally warranted and guaranteed to the Company (or its nominee) that the profit after tax of RSL, a wholly-owned subsidiary of RS (BVI), to be reported in accordance with Hong Kong Financial Reporting Standards as shown in its audited financial statements for the year ending 31 March 2022 (the “**Audited Full-Year Financial Statements**”), 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**”). As security for the performance of the obligations of RaffAello Holdings, RaffAello Holdings and the Company jointly appointed Astrum Capital 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 entered into between the Company, RaffAello Holdings and Astrum Capital.

Put and Repurchase Option

RaffAello Holdings irrevocably granted the Company (or its nominee, as the case may be) the option (the “**Put and Repurchase Option**”) to (i) sell all the Sale Shares to RaffAello Holdings and require RaffAello Holdings to purchase all the Sale Shares from the Company (or its nominee, as the case may be) at the put option price of HK\$32,853,000; and (ii) repurchase all the Consideration Shares from RaffAello Holdings and require RaffAello Holdings to sell all the Consideration Shares at the repurchase price of HK\$32,853,000 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 if the profit after tax of RSL as shown in the Audited Full-Year Financial Statements, excluding 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.

Principal business of RSL

RSL is a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. The Board considered 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 believed that the Group could leverage on the IPO project partnership arrangement between RSL and RCL, which was 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.

Looking ahead, amid a challenging operation environment under the development of COVID-19, RSL will continue its existing business with an aim of expanding its project pipeline of placing and underwriting business.

Details of the Acquisition were disclosed in the announcements of the Company dated 6 July 2021, 15 July 2021 and 30 September 2021, and the circular of the Company dated 7 September 2021. The Company will make announcement as to whether the actual performance of RSL meets the Profit Guarantee as soon as practicable.

Save and except for the above, the Group did not conduct any other material acquisition and/or disposal of subsidiaries, associates and joint ventures during the Year.

CHANGE OF COMPANY NAME, STOCK SHORT NAMES AND WEBSITE ADDRESS

As disclosed in the announcement of the Company dated 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 dual foreign name in Chinese of the Company, being “阿仕特朗金融控股有限公司” has been dispensed. 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 also been changed from “www.astrum-capital.com” to “www.astrum-capital.com/raffaello-astrum/” with effect from 29 October 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

COMMITMENTS

As at 31 December 2021, the Group did not have any commitment (2020: Nil) in respect of underwriting of shares.

In addition, the Group did not have any capital commitments as at 31 December 2021 (2020: Nil).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2021 (2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

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 after the Year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance to safeguard the stakeholders' interest and to enhance their confidence and support. For the Year, the Company has adopted and complied with the code provisions of the Corporate Governance Code (the "CG Code") effective on or before 31 December 2021 as set out in Appendix 15 to the GEM Listing Rules except the deviation from the CG Code provision A.2.1. The Board will review and continue to enhance the Company's corporate governance standards, as the Directors believe that sound internal controls and effective corporate governance practices are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Board is pleased to report that the Group was in compliance with the code provisions of the CG Code during the Year, except where otherwise stated.

DIRECTORS' SECURITIES TRANSACTIONS

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

SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the shareholders of the Company on 23 June 2016. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years. Under the Scheme, the Board shall be entitled to grant a share option to any eligible participant whom the Board may select at its absolute discretion. Details of the movements of share options during the Year are set out below:

	Outstanding at 1 January 2021	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at 31 December 2021
Directors and Chief Executive					
Mr. Pan Chik	–	8,000,000	–	–	8,000,000
Mr. Kwan Chun Yee Hidulf	–	8,000,000	–	–	8,000,000
Others					
Employees	–	40,000,000	–	(8,000,000)	32,000,000
Clients and business partners	–	24,000,000	–	–	24,000,000
Total	–	80,000,000	–	(8,000,000)	72,000,000

All the 80,000,000 share options were granted by the Company to 11 eligible participants on 4 January 2021 with a validity period of five years from the date of grant and immediately vested at the date of grant, which entitle the holders of the share options to subscribe for shares at an exercise price of HK\$0.096 per share. The closing price of the shares of the Company immediately before the date on which share options were granted was HK\$0.101 per share.

During the Year, 8,000,000 share options were lapsed due to the departure of an employee while no share options were exercised or cancelled. As at 31 December 2021, there were 72,000,000 share options outstanding. Subsequent to 31 December 2021, 4,000,000 share options of another employee (who ceased employment in December 2021) were lapsed on the expiry of three months after the date of cessation of employment. As at the date of this announcement, the total number of securities available for issue under the Scheme was 80,000,000 shares, comprising (i) 68,000,000 shares to be issued upon exercise of the outstanding share options, representing approximately 5.7% of the total number of issued shares of the Company (i.e. 1,193,000,000 shares); and (ii) 12,000,000 share options available for grant under the Scheme, representing approximately 1.0% of the total number of issued shares of the Company.

COMPETING INTERESTS

As at 31 December 2021, each of Mr. Tsang Kin Hung (“**Mr. Tsang**”), Ms. Qin Siu Kiu Michelle (being the spouse of Mr. Tsang) and RaffAello Holdings 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 (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) (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 above, none of the Directors, the substantial shareholders of the Company nor 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 during the Year.

NON-COMPETITION UNDERTAKING

Confirmation from Mr. Pan and Autumn Ocean Limited

The Company received from Mr. Pan and Autumn Ocean Limited four confirmations respectively in April, July and October 2021 and March 2022 on their compliance of the non-competition undertaking under the Deed of Non-competition (“**Pan’s Undertaking**”) for the respective period from 1 January 2021 to 31 March 2021, 1 April 2021 to 30 June 2021, 1 July 2021 to 30 September 2021 and 1 October 2021 to 31 December 2021. The Audit Committee, being all the independent non-executive Directors, have reviewed the compliance of Pan’s Undertaking and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that Mr. Pan and Autumn Ocean Limited have complied with Pan’s Undertaking during the Year.

Confirmation from Mr. Tsang

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 paragraph headed “COMPETING INTERESTS” above, 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 paragraph 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 paragraph 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 two confirmations respectively in November 2021 and March 2022 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 and for the period from 1 October 2021 to 31 December 2021. The Audit Committee, being all 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 during the period commencing from 30 September 2021 to 31 December 2021.

DIVIDEND

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

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

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

At the board meeting of the Company held on 25 March 2022, the Board did not recommend the payment of final dividend for the Year (2020: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Friday, 17 June 2022. A formal notice of the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022, both dates inclusive. During such period, no share transfers will be effected. In order to qualify for attending the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 10 June 2022.

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, both being independent non-executive Directors.

The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Year have complied with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

SCOPE OF WORK OF AUDITORS

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 will be despatched to its shareholders and published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.astrum-capital.com/raffaello-astrum/) as soon as practicable.

By order of the Board

RaffAello-Astrum Financial Holdings Limited

Pan Chik

Chairman and Chief Executive Officer

Hong Kong, 25 March 2022

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 of Hong Kong Limited (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/).