
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in RaffAello-Astrum Financial Holdings Limited (the “Company”), you should at once hand this circular with the enclosed forms of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

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RaffAello-Astrum Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8333)

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE SETTLEMENT DEED INVOLVING THE EQUITY DISPOSAL, OFF-MARKET SHARE BUY-BACK AND THE TERMINATION;
(II) APPLICATION FOR WHITEWASH WAIVER;
(III) PROPOSED CHANGE OF COMPANY NAME; AND
(IV) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent financial adviser to the Independent Board Committee and the Independent Shareholders



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

A letter from the Board is set out on pages 9 to 28 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 29 to 30 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 31 to 53 of this circular.

A notice convening the EGM to be held on Friday, 2 September 2022 at 11:00 a.m. at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy forms in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE EGM

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

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- maintain appropriate social distancing and the number of attendees at the meeting will be limited according to the latest regulations announced by the government
- no distribution of corporate gift nor provision of refreshment

Any person who does not comply with these precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. Shareholders and/or their representatives who are denied entry to the venue of the EGM will, subject to the relevant regulations, be allowed to vote at the entrance of the venue via electronic voting slips of the EGM. For the health and safety of Shareholders, Shareholders are reminded that they may appoint the chairman of the EGM as their proxy to vote on any resolution(s) at the EGM as an alternative to attending the EGM in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.

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

17 August 2022

CHARACTERISTICS OF GEM

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

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

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DEFINITIONS

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

“Acquisition”	acquisition of the Sale Shares by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement
“Acquisition Circular”	the circular of the Company dated 7 September 2021 in relation to, among other matters, the Acquisition
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 16 June 2022 in respect of the Transactions
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Audited Profit after Tax of RSL”	the audited profit after tax of RSL for the year ended 31 March 2022 as shown in its audited accounts made up to 31 March 2022, excluding any extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL
“Autumn Ocean”	Autumn Ocean Limited, being a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mr. Pan, a controlling Shareholder as at the Latest Practicable Date and the applicant of the Whitewash Waiver
“Autumn Ocean Concert Group”	Autumn Ocean, Mr. Pan and Ms. Liu Ming Lai Lorna (being the spouse of Mr. Pan) together with their respective associates and parties acting in concert with any of them
“Board”	the board of Directors
“business day”	a day (other than a Saturday or Sunday) on which licenced banks in Hong Kong are generally open for business throughout their normal business hours

DEFINITIONS

“Buy-back Price”	HK\$32,853,000 (i.e. HK\$0.141 per Buy-back Share), being the consideration payable by the Company to the Vendor in respect of the sale and purchase of the Consideration Shares pursuant to the terms and conditions of the Settlement Deed, which shall be satisfied by the Company by way of transfer of the Sale Shares to the Vendor at the Disposal Price
“Buy-back Shares”	the entirety of the Consideration Shares
“Buy-backs Code”	the Hong Kong Code on Share Buy-backs
“Change of Company Name”	proposed change of the existing English name of the Company from “RaffAello-Astrum Financial Holdings Limited” to “Astrum Financial Holdings Limited” and the adoption of the dual foreign name in Chinese of the Company, being “阿仕特朗金融控股有限公司”
“Companies Act”	the Companies Act (As Revised), Cap 22 of the Cayman Islands
“Company”	RaffAello-Astrum Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8333)
“Completion”	completion of the Transactions pursuant to the terms and conditions of the Settlement Deed
“Completion Date”	the date falling on the third business day after all the conditions precedent under the Settlement Deed have been fulfilled or as the case may be, waived, or such other date as the Company and the Vendor may agree in writing
“Consideration Shares”	the 233,000,000 Shares (including all dividends, distributions and other payments declared or to be declared on or after the allotment and issue of the same, but none of which has been declared or made by the Company) issued by the Company to the Vendor as consideration for the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Disposal Price”	HK\$32,853,000, being equivalent to the consideration for the acquisition of the Sale Shares by the Company under the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Friday, 2 September 2022, at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Settlement Deed and the transactions contemplated thereunder (including but not limited to the Equity Disposal, the Whitewash Waiver, the Share Buy-back and the Termination) and the Change of Company Name
“Equity Disposal”	the disposal of the Sale Shares by the Company to the Vendor
“Escrow Agent”	Astrum Capital Management Limited, being an escrow agent appointed jointly by the Company and the Vendor in relation to the holding, deposit and escrow of the Consideration Shares
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guaranteed Profit”	HK\$15,500,000, being the minimum amount of the profit after tax of RSL to be reported in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants as shown in its audited financial statements for the year ended 31 March 2022, excluding any extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee	a committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising and giving recommendations to the Independent Shareholders as to whether the Transactions are fair and reasonable or not and as to voting
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“Independent Shareholder(s)	shall mean: <ul style="list-style-type: none">(i) in respect of the Transactions (including the Whitewash Waiver), Shareholder(s) other than (a) the Autumn Ocean Concert Group; (b) the Vendor, its ultimate beneficial owners and parties acting in concert with any of them; and (c) those who are involved in, or are interested in, the Transactions;(ii) in respect of the Share Buy-back, Shareholders other than the Vendor, its ultimate beneficial owners and parties acting in concert with any of them and those Shareholders who have a material interest in the Transactions which is different from the interests of all other Shareholders; and(iii) in respect of the Change of Company Name, Shareholders other than those who are involved in or interested in the Change of Company Name
“Last Trading Day”	16 June 2022, being the last trading day of the Shares on the Stock Exchange prior to the issue of the Announcement
“Latest Practicable Date”	12 August 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Mr. Pan”	Mr. Pan Chik, the Chairman, Chief Executive Officer, an executive Director and a controlling Shareholder

DEFINITIONS

“Mr. Tsang”	Mr. Tsang Kin Hung, the controlling shareholder and a director of the Vendor and a former executive Director
“Option Deed”	the option deed dated 30 September 2021 entered into between the Company and the Vendor in relation to the Put and Repurchase Option
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Profit Guarantee”	the profit guarantee given by the Vendor in respect of the Guaranteed Profits of not less than HK\$15,500,000 for the year ended 31 March 2022 under the Sale and Purchase Agreement
“Put and Repurchase Option”	an option granted by the Vendor to the Company to (i) sell all the Sale Shares to the Vendor and require the Vendor to purchase all the Sale Shares from the Company (or its nominee, as the case may be) at the Put Option Price; and (ii) repurchase all the Consideration Shares from the Vendor and require the Vendor to sell all the Consideration Shares at the Repurchase Price within the Put Option Exercise Period
“Put Option Exercise Period”	the period commencing from the date of issue of the audited financial statements of RSL for the year ended 31 March 2022 and ending on a date falling 60 calendar days from such issue date
“Put Option Price”	HK\$32,853,000, being the consideration payable by the Vendor to the Company in respect of the sale and purchase of the Sale Shares upon the exercise of the Put and Repurchase Option, which shall be satisfied by the Vendor by way of transfer of the Consideration Shares to the Company at the Repurchase Price
“Relevant Period”	the period commencing on the date which is six months prior to the date of publication of the Announcement on 16 June 2022, up to and including the Latest Practicable Date
“Remaining Group”	the Company and its subsidiaries immediately after the Completion

DEFINITIONS

“Repurchase Price”	HK\$32,853,000, being the consideration payable by the Company to the Vendor in respect of the sale and purchase of the Consideration Shares upon the exercise of the Put and Repurchase Option, which shall be satisfied by the Company by way of transfer of the Sale Shares to the Vendor at the Put Option Price
“RS BVI”	RS (BVI) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 75% by the Vendor and 25% by the Company as at the Latest Practicable Date
“RSL”	RaffAello Securities (HK) Limited, a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of RS BVI and a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Sale and Purchase Agreement”	the sale and purchase agreement dated 6 July 2021 (as amended and supplemented by the supplemental agreement dated 15 July 2021) entered into amongst the Company, the Vendor and RS BVI in respect of the Acquisition
“Sale Shares”	25 issued shares of RS BVI, representing 25% of the issued share capital of RS BVI
“Settlement Deed”	the settlement deed dated 16 June 2022 and entered into amongst the Company, the Vendor and RS BVI in relation to the Transactions
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Buy-back”	the buy-back of the Buy-back Shares by the Company from the Vendor for cancellation pursuant to the terms of the Settlement Deed, which constitutes an off-market share buy-back by the Company pursuant to Rule 2 of the Buy-backs Code

DEFINITIONS

“Share Option(s)”	the option(s) granted under the share option scheme adopted by the Company on 23 June 2016
“Shareholder(s)”	the holder of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement dated 30 September 2021 entered into amongst the Company, the Vendor and RS BVI regulating the relationship between RS BVI and its shareholders
“Shareholders’ Document”	the next document to be issued by the Company to the Shareholders pursuant to Rule 10 and Practice Note 2 of the Takeovers Code, which is envisaged to be the circular to be despatched by the Company to the Shareholders in relation to, among other things, the Transactions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code of Takeovers and Mergers
“Target Group”	collectively, RS BVI and RSL
“Termination”	the termination of each of the Option Deed and the Shareholders’ Agreement
“Transactions”	collectively, the Settlement Deed, the Equity Disposal, the Share Buy-back, the Whitewash Waiver and the Termination
“Unaudited Profit before and after Tax of RSL”	the unaudited profit before and after tax of RSL for the year ended 31 March 2022 as shown in its unaudited management accounts made up to 31 March 2022, excluding any extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL
“Vendor”	RaffAello Holdings Limited, a company incorporated in the Cayman Islands with limited liability, which is wholly-owned by Captain Expert Limited, a company incorporated in the British Virgin Islands, which in turn is owned as to 70% by Mr. Tsang and 30% by Ms. Qin Siu Kiu Michelle, who is the spouse of Mr. Tsang

DEFINITIONS

“Whitewash Waiver”

a waiver of the obligation of Autumn Ocean to make a mandatory general offer to the Shareholders in respect of all the issued Shares and all the outstanding Share Options (other than those already owned by the Autumn Ocean Concert Group) which will arise as a result of the deemed acquisition of voting rights caused by the Share Buy-back, application for which has been made to the Executive in accordance with Note 1 on Dispensations from Rule 26 of the Takeovers Code

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD

RaffAello-Astrum Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8333)

Executive Directors:

Mr. Pan Chik (*Chairman and
Chief Executive Officer*)
Mr. Kwan Chun Yee Hidulf
Ms. Yu Hoi Ling

Registered Office:

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Independent non-executive Directors:

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

Head Office and Principal Place of Business

in Hong Kong:
Room 2704, 27/F
Tower 1 Admiralty Centre
18 Harcourt Road
Hong Kong

17 August 2022

To the Shareholders

Dear Sir or Madam,

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION
TO THE SETTLEMENT DEED INVOLVING THE EQUITY DISPOSAL,
OFF-MARKET SHARE BUY-BACK AND THE TERMINATION;
(II) APPLICATION FOR WHITEWASH WAIVER;
(III) PROPOSED CHANGE OF COMPANY NAME; AND
(IV) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Acquisition Circular and the announcement of the Company dated 30 September 2021 in relation to the completion of the Acquisition.

BACKGROUND

On 6 July 2021, the Company entered into the Sale and Purchase Agreement (as amended and supplemented by a supplemental agreement thereto dated 15 July 2021) with the Vendor and RS BVI, pursuant to which the Company had agreed to acquire and the Vendor had agreed to sell the Sale Shares, representing 25% of the issued share capital of RS BVI, for a consideration of HK\$32,853,000, which was satisfied by the allotment and issue of the Consideration Shares

LETTER FROM THE BOARD

by the Company to the Vendor, credited as fully paid at the issue price of HK\$0.141 per Consideration Share upon completion of the Acquisition. Completion of the Sale and Purchase Agreement took place on 30 September 2021 in accordance with the terms and conditions thereof.

The purpose of this circular is to provide you with, among other things, (i) further information on the Transactions and the Change of Company Name; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Transactions; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee containing its recommendation in respect of the Transactions; (iv) the notice of the EGM; and (v) other information as set out in the appendices to this circular as required by the GEM Listing Rules, the Buy-backs Code and the Takeovers Code.

THE SETTLEMENT DEED

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor has guaranteed in favour of the Company that the Audited Profit after Tax of RSL shall be not less than the Guaranteed Profit.

Based on the unaudited management accounts of RSL made up to 31 March 2022, being the latest financial accounts of RSL made available to the Company prior to the entering into of the Settlement Deed, the Unaudited Profit before and after Tax of RSL was less than HK\$1.0 million. Based on such management accounts, the Guaranteed Profit was unlikely to be achieved. In view of the foregoing, the Company and the Vendor have negotiated in good faith towards each other with a view to settling the matter amicably and as a result of such negotiation, the Company, the Vendor and RS BVI entered into the Settlement Deed. Based on the audited accounts of RSL made up to 31 March 2022, the Audited Profit after Tax of RSL amounted to approximately HK\$602,000.

Principal terms of the Settlement Deed

Pursuant to the terms and conditions of the Settlement Deed, it is agreed among the parties thereto that (i) the Company shall sell and the Vendor shall purchase the Sale Shares at the Disposal Price (i.e. the Equity Disposal); (ii) the Vendor shall through the Escrow Agent sell the Buy-back Shares and the Company shall purchase the Buy-back Shares for cancellation at the Buy-back Price (i.e. the Share Buy-back); (iii) the Option Deed be terminated with effect from the Completion Date; and (iv) the Shareholders' Agreement be terminated with effect from the Completion Date.

LETTER FROM THE BOARD

The principal terms of the Settlement Deed are set out as follows:

Date: 16 June 2022

Parties: (i) the Company;
(ii) the Vendor; and
(ii) RS BVI

The Vendor is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, the Vendor is interested in 233,000,000 Shares, representing approximately 19.53% of the issued share capital of the Company, and is therefore a substantial Shareholder. Mr. Tsang is the controlling shareholder and a director of the Vendor, and was also an executive Director in the past 12 months.

The Equity Disposal and the Share Buy-back

Subject to be disposed

Pursuant to the terms and conditions of the Settlement Deed, the Company shall sell and the Vendor shall purchase the Sale Shares at the Disposal Price.

Consideration

Under the terms of the Settlement Deed, the Disposal Price is HK\$32,853,000, which is equivalent to the consideration for the acquisition of the Sale Shares by the Company under the Sale and Purchase Agreement. The Disposal Price shall be satisfied by the Vendor at Completion by delivering the Consideration Shares from the Escrow Agent to the Company for buy-back and cancellation at the Buy-back Price upon Completion.

As at the Latest Practicable Date, the Consideration Shares are being held in escrow by the Escrow Agent jointly appointed by the Company and the Vendor in accordance with the terms and conditions of the Sale and Purchase Agreement.

Under the terms of the Settlement Deed, the Buy-back Price is HK\$32,853,000 (i.e. HK\$0.141 per Buy-back Share, which is equivalent to the issue price per Consideration Share under the Sale and Purchase Agreement).

The Buy-back Price per Buy-back Share represents:

- (1) a premium of approximately 9.30% over the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 9.30% over the average closing price of approximately HK\$0.129 per Share for the last five trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (3) a premium of approximately 8.46% over the average closing price of approximately HK\$0.130 per Share for the last ten trading days up to and including the Last Trading Day;
- (4) a premium of approximately 13.71% over the average closing price of approximately HK\$0.124 per Share for the last 30 trading days up to and including the Last Trading Day;
- (5) a discount of approximately 22.10% to the audited net asset value per Share attributable to Shareholders as at 31 December 2021 of approximately HK\$0.181;
- (6) a discount of approximately 14.55% to the unaudited net asset value per Share attributable to Shareholders as at 31 March 2022 of approximately HK\$0.165;
- (7) a discount of approximately 12.96% to the unaudited net asset value per Share attributable to Shareholders as at 30 June 2022 of approximately HK\$0.162; and
- (8) a premium of 12.80% over the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As the Settlement Deed aims to unwind the Acquisition (by way of the Equity Disposal, the Share Buy-back and the Termination), the Board is of the view that each of the Disposal Price (being equivalent to the consideration for the acquisition of the Sale Shares by the Company under the Sale and Purchase Agreement) and the Buy-back Price (i.e. HK\$0.141 per Buy-back Share, being equivalent to the issue price per Consideration Share under the Sale and Purchase Agreement) is fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Shareholders as a whole.

Termination of the Option Deed

In accordance with the terms of the Sale and Purchase Agreement as disclosed in the Acquisition Circular, the Company and the Vendor entered into the Option Deed in relation to the Put and Repurchase Option upon completion of the Sale and Purchase Agreement on 30 September 2021.

Pursuant to the terms and conditions of the Settlement Deed, the Option Deed shall be terminated with effect from the Completion Date, whereupon the Option Deed shall be terminated and ceased to have effect and each of the Company and the Vendor shall release and discharge the other from all past, present and future duties, obligations and liabilities under the Option Deed absolutely, notwithstanding any clauses of the Option Deed providing otherwise.

Save for the terms under the Option Deed that the Put and Repurchase Option may only be exercised by the Company within the Put Option Exercise Period as disclosed in the Acquisition Circular, there are no material differences in the terms of the Settlement Deed and the Option Deed.

LETTER FROM THE BOARD

Termination of the Shareholders' Agreement

In accordance with the terms of the Sale and Purchase Agreement as disclosed in the Acquisition Circular, the Company, the Vendor and RS BVI entered into the Shareholders' Agreement which set out the terms and conditions regulating the relationship between RS BVI and its shareholders and the manner in which the affairs of the Target Group are to be regulated after completion of the Sale and Purchase Agreement.

Pursuant to the terms and conditions of the Settlement Deed, the Shareholders' Agreement shall be terminated with effect from the Completion Date, whereupon the Shareholders' Agreement shall be terminated and ceased to have effect and each of the Company, the Vendor and RS BVI shall release and discharge the other from all past, present and future duties, obligations and liabilities under the Shareholders' Agreement absolutely, notwithstanding any clauses of the Shareholders' Agreement providing otherwise.

Conditions precedent

Completion will be conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (1) all necessary consents and approvals required to be obtained from any government or regulator authority, including the Stock Exchange and the SFC, on the part of the Vendor in respect of the Settlement Deed and the transactions contemplated thereunder (including but not limited to the Equity Disposal, the Share Buy-back and the Termination) having been obtained;
- (2) all necessary consents and approvals required to be obtained from any government or regulator authority, including the Stock Exchange and the SFC, on the part of the Company in respect of the Settlement Deed and the transactions contemplated thereunder (including but not limited to the Equity Disposal, the Share Buy-back and the Termination) having been obtained;
- (3) the Executive having granted and not having withdrawn his approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code and the condition(s) of such approval (if any) having been satisfied;
- (4) the Executive having granted and not having withdrawn the Whitewash Waiver and all conditions (if any) of such approval and/or waiver having been satisfied;
- (5) the approval of:
 - (i) the Share Buy-back by at least three-fourths of the Independent Shareholders present at the EGM by way of poll, in accordance with the applicable requirements of the Buy-backs Code and other applicable laws and regulations;

LETTER FROM THE BOARD

- (ii) (a) as regards the Whitewash Waiver, by at least three-fourths of the Independent Shareholders present at the EGM by way of poll, in accordance with the applicable requirements of the Takeovers Code and other applicable laws and regulations;
- (b) as regards the Transactions (other than the Whitewash Waiver) by more than 50% of the Independent Shareholders present at the EGM by way of poll in accordance with the Takeovers Code;
- (iii) the Transactions (other than the Whitewash Waiver) by more than 50% of the Independent Shareholders present at the EGM by way of poll in accordance with the GEM Listing Rules;
- (6) the Company having sufficient reserves in the form of share capital and/or share premium in its accounts to effect the Share Buy-back;
- (7) the warranties provided by the Vendor remaining true and accurate in all material respects at Completion; and
- (8) the warranties provided by the Company remaining true and accurate in all material respects at Completion.

As at the Latest Practicable Date, the Company has sufficient reserves in the form of share capital and/or share premium in its accounts to effect the Share Buy-back. Save for conditions (7) and (8) stated above which can be waived by the Company and the Vendor respectively, all the other conditions above are incapable of being waived by the Company or the Vendor (as the case may be). Save for the conditions (3) to (5) stated above, as at the date hereof, there is no other regulatory consent or approval required for the Settlement Deed, the Equity Disposal, the Whitewash Waiver, the Share Buy-back or the Termination. Should there be any other consent or approval required, the Company will update the Shareholders accordingly as and when appropriate.

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

Completion

Completion shall take place on the third business day after fulfillment or waiver (as the case may be) of the conditions as set out in the paragraph headed “Conditions precedent” above.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Company is an investment holding company and 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 Group's strategy after the Transactions is to focus on its existing businesses. It is expected that upon Completion, the Remaining Group will continue to carry out sufficient level of operation to warrant the continued listing of the Company on the Stock Exchange under Rule 17.26 of the GEM Listing Rules. Further, the Group has not entered into any agreement, arrangement or undertaking, nor does it have any intention to (i) acquire any new business; (ii) dispose of and/or downsize its existing businesses and material operating assets as at the Latest Practicable Date; (iii) introduce any major changes in the business, including any redeployment of the fixed assets of the Group; or (iv) discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group, save for the resignation of Mr. Tsang (details of which are set out in the section headed "RESIGNATION OF EXECUTIVE DIRECTOR" in this circular).

INFORMATION ON THE TARGET GROUP

RS BVI is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, RS BVI is wholly-owned as to 75% by the Vendor and as to 25% by the Company.

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

The Company acquired 25% equity interests of RS BVI from the Vendor at a consideration of HK\$32,853,000, which was satisfied wholly by way of allotment and issue of 233,000,000 Consideration Shares to the Vendor at the issue price of HK\$0.141 per Consideration Share on 30 September 2021. The Vendor has become a substantial Shareholder upon completion of the Sale and Purchase Agreement. Details of the Target Group are disclosed in the Acquisition Circular.

LETTER FROM THE BOARD

RS BVI does not carry out any business activities since its incorporation save as acting as an investment holding company for RSL. The following is a summary of the financial information of RSL based on the audited financial statements for the three years ended 31 March 2022:

	For the year ended 31 March		
	2020	2021	2022
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
Revenue	13,567	522	2,885
Profit/(loss) before tax	9,281	(3,116)	602
Profit/(loss) after tax	7,993	(3,116)	602
	As at 31 March		
	2020	2021	2022
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
Total assets	34,550	20,692	19,502
Net assets	19,597	16,480	17,082

As disclosed in the Announcement, pursuant to Rule 10 and Practice Note 2 of the Takeovers Code, the Unaudited Profit before and after Tax of RSL constitutes a profit forecast which would need to be reported on by the Company's reporting accountants and the financial adviser of the Company, and their reports must be included in the next document sent to the Shareholders under Rule 10.4 of the Takeovers Code.

As the Audited Profit after Tax of RSL is available as at the Latest Practicable Date and is included in this circular (as disclosed above), the requirements to report on the Unaudited Profit before and after Tax of RSL under Rule 10.4 of the Takeovers Code no longer applies.

REASONS FOR THE TRANSACTIONS

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor has guaranteed in favour of the Company that the Audited Profit after Tax of RSL shall be not less than the Guaranteed Profit. Based on the unaudited management accounts of RSL made up to 31 March 2022 provided by the Vendor to the Company, being the latest financial accounts of RSL made available to the Company prior to the entering into of the Settlement Deed, the Unaudited Profit before and after Tax of RSL was less than HK\$1.0 million, which fell short of the Guaranteed Profit of HK\$15.5 million. As advised by the management of RSL, the project pipeline of RSL was continuously impacted by the unfavorable operating environment as a result of the development of the fifth wave of the coronavirus pandemic ("COVID-19") in Hong Kong and hence, those previously engaged underwriting projects and other potential projects were all delayed, leading to the short-fall of the Guaranteed Profit.

LETTER FROM THE BOARD

Given that the Guaranteed Profit could unlikely be achieved, the Company had considered different possibilities to deal with the Sale Shares and the Consideration Shares, including a disposal of the Consideration Shares. However, given the size of the Consideration Shares (which represents approximately 19.53% of the issued share capital of the Company as at the Latest Practicable Date), the Company considers that it may be difficult to dispose of the Consideration Shares without a substantial discount which may create a negative effect on the Share price. For the above reasons, the Company considered that the Share Buy-back would be a suitable method to deal with the Consideration Shares. The Share Buy-back is expected to have a positive effect on the net assets per Share of the Company.

Based on the aforementioned management accounts of RSL for the year ended 31 March 2022, in view of the substantial shortfall of the Guaranteed Profit, the Guaranteed Profit was unlikely to be achieved. In such circumstances, instead of exercising the Put and Repurchase Option under the Option Deed after the issue of audited financial statements of RSL for the year ended 31 March 2022, which is only expected to be available in or around the end of June 2022, the Company and the Vendor have negotiated in good faith towards each other with a view to settling the matter amicably and as a result of such negotiation, the Company, the Vendor and RS BVI entered into the Settlement Deed.

As the Settlement Deed aims to unwind the Acquisition (by way of the Equity Disposal, the Share Buy-back and the Termination) and resolve the issues therefrom which associate with the non-fulfillment of the Profit Guarantee and could protect the interests of the Company and the Shareholders as a whole, the Board (excluding the members of the Independent Board Committee whose views will be formed after taking into account the advice of the Independent Financial Adviser) considers that the terms of the Settlement Deed are fair and reasonable as far as the Independent Shareholders are concerned and the Transactions are in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPLICATION

Immediately upon Completion, RS BVI will cease to be an associate company of the Company and the potential immediate financial effects of the Transactions include the following:

Cash balances

Pursuant to the Companies Act, the Company will purchase the Buy-back Shares out of the share capital and share premium accounts of the Company. Upon Completion, the Consideration Shares shall be delivered to the Company for cancellation, whereupon the carrying values of the Company's 25% equity interests in RS BVI and the related Put and Repurchase Option in the Company's account will be credited whilst the share capital and share premium accounts of the Company will be debited without any cash outflow from the Company. There will be no inflow and outflow of cash generated from the Transactions. Accordingly, it is expected that the Transactions will not have any material effect on the cash balances of the Group immediately upon Completion.

LETTER FROM THE BOARD

Net assets per Share attributable to the Shareholders

The net asset value of the Group amounted to approximately HK\$193.6 million as at 30 June 2022. On the assumption that the Transactions have been completed as at 30 June 2022, and after taking into account the gain on the Transactions, it is expected that the net asset value of the Group would decrease to approximately HK\$160.1 million as a result of the Transactions. The Group's net assets attributable to owners of the Company per Share as at 30 June 2022, is expected to increase from approximately HK\$0.162 per Share to approximately HK\$0.167 per Share immediately upon Completion.

Earnings per Share

It is expected that the Group will recognise a gain on the Transactions of approximately HK\$223,000. Such gain is estimated based on the fair value of the Buy-back Shares of HK\$33,785,000 as at 30 June 2022 less the assets classified as held for sale in the amount of approximately HK\$33,562,000 as at 30 June 2022 (being the carrying values of the investment in an associate of approximately HK\$21,909,000 and the related Put and Repurchase Option of HK\$11,653,000). Taking into account the estimated gain on the Transactions of approximately HK\$223,000, it is expected that there will be no material effect on the Group's earning or loss per Share immediately upon Completion.

Total liabilities

As no cash proceeds would be generated from the Transactions, the Transactions will not have an impact on the liabilities of the Group immediately upon Completion.

Working capital

Since there is no material cash outflow by the Company in order to effect the Transactions, the Directors consider that the Transactions will not have material adverse effect on the working capital sufficiency of the Remaining Group immediately upon Completion.

Based on the above, the Company considers that the Share Buy-back will have no material adverse effect on the Group's net assets per Share, earnings per Share, total liabilities or working capital.

It should be noted that the actual amount of the financial impacts arising from the Transactions may be different from the amount mentioned above, and will be subject to review and final audit by the auditors of the Company.

Notwithstanding the above, after Completion, as the financial results of the Target Group will cease to be equity accounted for in the consolidated financial statements of the Group through recognition of share of result of an associate, financial results of the Target Group will cease to have any impacts on the net asset value of the Group. With respect to earnings of the Group, taking into account of aforesaid uncertain future prospect of the Target Group, the Transactions might have positive impacts on the financial performance of

LETTER FROM THE BOARD

the Group in the near future after Completion. Further, the cessation of equity accounting of the Target Group after Completion shall have no impacts on the cash balances, total liabilities or working capital of the Group.

Share Buy-back

Under the Companies Act, a redemption of shares by a Cayman company is subject to compliance with the requirements of the Companies Act, the memorandum of association and the articles of association of the Company. The redemption or repurchase may only be effected if: (a) the par value of the shares to be redeemed or repurchased is paid out of the profits of the company or the share premium account of the company or out of the proceeds of a fresh issue of shares made for the purpose, or, subject to the statutory solvency test set out in the Companies Act being satisfied; and (b) any premium payable on the redemption or re-purchase is paid out of the share premium account, or out of profits of the company or out of the company's share premium account, or, subject to the statutory solvency test set out in the Companies Act being satisfied, out of share capital.

Unless otherwise determined by the directors of a company, redeemed or purchased shares shall be treated as cancelled and the amount of such company's issued share capital shall be diminished by the nominal value of those shares accordingly; but a redemption or purchase of shares of such company is not to be taken as reducing the amount of the company's authorised share capital. In accordance with the Companies Act, the Consideration Shares will be repurchased by the Company out of the share capital and share premium accounts of the Company. This means that the Company will need to have sufficient reserves in the form of share capital and/or share premium in its accounts to effect the Share Buy-back, and the Directors will need to be satisfied that there are no reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due. Upon Completion, the Consideration Shares shall be transferred to the Company for cancellation without any cash outflow from the Company, whereupon the carrying values of the Company's 25% equity interests in RS BVI and the related Put and Repurchase Option in the Company's account will be credited whilst the share capital and share premium accounts of the Company will be debited. The Directors are satisfied that the Company will be able to pay its debts as they fall due in the ordinary course of business. The Consideration Shares will be cancelled after buy-back.

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after Completion assuming that no Share Options have been exercised and the number of Shares owned by each of the Shareholders (other than the Vendor) between the Latest Practicable Date and the date of Completion remain unchanged:

	As at the Latest Practicable Date		Immediately after Completion assuming that no Share Options have been exercised and the number of Shares owned by each of the Shareholders (other than the Vendor) between the Latest Practicable Date and the date of Completion remain unchanged	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Autumn Ocean <i>(Note 1)</i>	532,685,000	44.65	532,685,000	55.49
Vendor <i>(Note 2)</i>	233,000,000	19.53	–	–
Public Shareholders	427,315,000	35.82	427,315,000	44.51
Total	1,193,000,000	100.00	960,000,000	100.00

Notes:

1. Autumn Ocean is a company wholly-owned by Mr. Pan. Mr. Pan is therefore deemed to be interested in all the Shares held by Autumn Ocean by virtue of the SFO.
2. These Shares represented the Consideration Shares which were allotted and issued to the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement.
3. Assuming Completion having occurred and no Share Options having been exercised and the number of Shares owned by each of the Shareholders (other than the Vendor) between the Latest Practicable Date and the date of Completion remain unchanged.
4. Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Following Completion, the Consideration Shares will be cancelled and the number of Shares in issue following the Share Buy-back will be reduced from 1,193,000,000 (being the number of issued Shares as at the Latest Practicable Date) to 960,000,000. The Vendor will cease to hold any Shares, and that not less than 25% of the issued Shares will remain in public hands.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are 68,000,000 outstanding Share Options granted under the share option scheme adopted by the Company on 23 June 2016 which entitle the holders thereof to subscribe for an aggregate of 68,000,000 Shares at an exercise price of HK\$0.096 per Share Option. Among the 68,000,000 outstanding Share Options, the following person of the Autumn Ocean Concert Group is a holder of the outstanding Share Options:

Name of holder under the Autumn Ocean Concert Group	No. of outstanding Share Options
Mr. Pan	8,000,000
Total:	8,000,000

Save as disclosed above, the Group has no outstanding warrants, options, convertible securities or other derivatives convertible into Shares, and no share or loan capital of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no other conversion right affecting the Shares or other derivatives in respect of securities which are being offered for or which carry voting rights have been issued or granted or agreed conditionally or unconditionally to be issued or granted.

RESIGNATION OF EXECUTIVE DIRECTOR

It was the intention of the Company to appoint Mr. Tsang, and the intention of Mr. Tsang to act, as the executive Director upon completion of the Acquisition so as to enhance the communication between Mr. Tsang and the Board and to bring in the expertise and business network of Mr. Tsang to the Company. Unfortunately, as the financial performance of RSL for the year ended 31 March 2022 did not meet the Profit Guarantee, and the Company and the Vendor have resolved to enter into the Settlement Deed to unwind the Acquisition, Mr. Tsang believes that it is an appropriate time for him to step down as an executive Director and focus on his other personal pursuits and business commitments. Therefore, Mr. Tsang has tendered his resignation as an executive Director and the vice chairman of the Company which took effect on 16 June 2022.

Mr. Tsang has confirmed to the Company that he has no disagreement with the Board and that he is not aware of any matter relating to his resignation that need to be brought to the attention of the Shareholders.

The Board would like to express its sincere gratitude to Mr. Tsang for his invaluable contribution to the Company and its subsidiaries during his tenure of services.

LETTER FROM THE BOARD

PROPOSED CHANGE OF COMPANY NAME

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

Conditions for the Change of Company Name

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

- (i) the passing of a special resolution by the Independent Shareholders to approve the Change of Company Name at the EGM; and
- (ii) the issuance by the Registrar of Companies in the Cayman Islands of a certificate of incorporation on change of name with respect to the Change of Company Name.

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

Reasons for the Change of Company Name

The Board considers that the Change of Company Name will better reflect the business nature of the Group upon Completion. The Board believes that the new name (being the original name of the Company prior to the Acquisition) will maintain the Company’s corporate image and identity which will benefit the Group’s continuous business development and is in the interests of the Company and the Shareholders as a whole.

Effect of the Change of Company Name

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

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

LETTER FROM THE BOARD

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

REGULATORY REQUIREMENTS

Buy-backs Code

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company has made an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, the approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes.

As disclosed in the paragraph headed "Conditions precedent" above, Completion is subject to, among other things, the condition precedent that the Share Buy-back having been approved by the Executive. Therefore, the Company will not proceed with the Share Buy-back unless the Share Buy-back is approved by the Executive pursuant to Rule 2 of the Buy-backs Code. However, there is no assurance that such approval will be granted or that all other conditions precedent to the Settlement Deed will be fulfilled or waived (as the case may be).

Takeovers Code

Application for Whitewash Waiver

As at the Latest Practicable Date, the Autumn Ocean Concert Group is interested in a total of 532,685,000 Shares, representing approximately 44.65% of the issued share capital of the Company. Assuming there are no changes in the shareholdings of the Autumn Ocean Concert Group and the issued share capital of the Company from the Latest Practicable Date to Completion (other than the cancellation of the Consideration Shares), immediately upon Completion, the percentage shareholding of the Autumn Ocean Concert Group will be increased to approximately 55.49% of the reduced issued share capital of the Company upon Completion as a result of the Share Buy-back. In such circumstances, there is an obligation on the part of Autumn Ocean to make a general offer for all the Shares and all the outstanding Share Options not already owned by the Autumn Ocean Concert Group as a result of the Share Buy-back. An application has been made by Autumn Ocean to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted and will be conditional upon, among other things, (i) the approval of the Whitewash Waiver by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes; and (ii) the approval of the Transactions (other than the Whitewash Waiver) by a simple majority of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes.

LETTER FROM THE BOARD

Paragraph 3 of Schedule VI of the Takeovers Code provides that the Executive will normally not grant a whitewash waiver if there occurs any disqualifying transaction for such waiver. Disqualifying transactions include, among others, a situation where the person seeking a whitewash waiver or any person acting in concert with him has acquired voting rights in a company in the six months immediately prior to the announcement of the proposal but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of such company in relation to the proposal. The Company has received a confirmation from Autumn Ocean confirming that the Autumn Ocean Concert Group has not dealt in the Shares during the Relevant Period.

As at the Latest Practicable Date, the Company does not believe that the Transactions give rise to any concern in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). If a concern should arise after the release of this circular, the Company will endeavor to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular to be issued in relation to the Transactions. The Company notes that the Executive may not grant the Whitewash Waiver if the Transactions do not comply with other applicable rules and regulations.

As at the Latest Practicable Date:

- (1) save as disclosed in the paragraphs headed “Effects on Shareholding Structure of the Company” in this letter, each of the Autumn Ocean Concert Group, the Directors and any parties acting in concert with the Company does not own or has control and/or direction over any other Shares, Share Options, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares and no outstanding derivatives in respect of securities in the Company has been entered into by the Autumn Ocean Concert Group, the Directors and/or any parties acting in concert with the Company;
- (2) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or, where applicable, the shares of any member of the Autumn Ocean Concert Group and which might be material to the Whitewash Waiver or the other Transactions;
- (3) there is no agreement or arrangement to which the Company and the Autumn Ocean Concert Group or any member of the Autumn Ocean Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Whitewash Waiver or the other Transactions;
- (4) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Autumn Ocean Concert Group, the Directors or any parties acting in concert with the Company has borrowed or lent; and

LETTER FROM THE BOARD

- (5) the Company or the Autumn Ocean Concert Group or other parties acting in concert with the Company has not received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolutions approving the Transactions (including the Whitewash Waiver) to be proposed at the EGM.

Save as disclosed in this circular, (i) there is no consideration, compensation or benefit in whatever form paid or to be paid by the Autumn Ocean Concert Group to the Vendor, its ultimate beneficial owners or any party acting in concert with any of them in connection with the Transactions; (ii) there is no understanding, arrangement, agreement or special deal between the Autumn Ocean Concert Group on the one hand, and the Vendor, its ultimate beneficial owners and any party acting in concert with any of them on the other hand; and (iii) there is no understanding, arrangement or agreement or special deal between (1) any Shareholder; and (2) the Autumn Ocean Concert Group, or the Company, its subsidiaries or associated companies.

As disclosed in the paragraph headed “Conditions precedent” above, Completion is subject to, among other things, the condition precedent that the Whitewash Waiver having been granted by the Executive. Therefore, the Company will not proceed with the Transactions unless the Whitewash Waiver is granted by the Executive. However, there is no assurance that such approval will be granted or that all other conditions precedent to the Settlement Deed will be fulfilled or waived (as the case may be).

Shareholders and public investors should note that immediately upon Completion, the shareholding of Autumn Ocean in the Company will exceed 50% of the voting rights of the Company and that Autumn Ocean may increase its shareholding without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer for the securities of the Company.

Executive’s consent to Mr. Tsang’s resignation

Pursuant to Rule 7 of the Takeovers Code, once a bona fide offer has been communicated to the Board or the Board has reason to believe that a bona fide offer is imminent, except with the consent of the Executive, the Directors should not resign until the first closing date of the offer, or the date when the offer becomes or is declared unconditional, or shareholders have voted on the waiver of a general offer obligation under Note 1 on dispensations from Rule 26 of the Takeovers Code, whichever is the later.

The Company has applied to the Executive for its consent to Mr. Tsang’s resignation pursuant to Rule 7 of the Takeovers Code and the Executive has granted its consent under Rule 7 of the Takeovers Code.

LETTER FROM THE BOARD

GEM Listing Rules

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Transactions under the Settlement Deed is more than 5% but less than 25%, the Transactions constitute discloseable transactions on the part of the Company under Chapter 19 of the GEM Listing Rules.

Further, the Vendor 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, who is the spouse of Mr. Tsang. As Mr. Tsang was an executive Director in the past 12 months, the Transactions constitute connected transactions on the part of the Company pursuant to Chapter 20 of the GEM Listing Rules. As such, the Transactions are subject to the notification, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

Mr. Pan, being member of the Autumn Ocean Concert Group, is considered to have an interest in the Whitewash Waiver, and had therefore abstained from voting on the resolutions of the Board approving the Settlement Deed and the transactions contemplated thereunder (including the Whitewash Waiver). Mr. Tsang, who is indirectly interested in 70% interest of the Vendor, is considered to have an interest in the Settlement Deed, and had therefore abstained from voting on the resolutions of the Board approving the Settlement Deed and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has a material interest in the Transactions and in respect of the Change of Company Name, no Director was required to be abstained from voting on the relevant resolutions of the Board.

INTENTION OF THE COMPANY REGARDING PUBLIC FLOAT

It is the intention of the Company to continue to maintain the public float requirements of Rule 11.23(7) of the GEM Listing Rules regarding the Shares following completion of the Transactions.

EGM

EGM will be held to consider and, if thought fit, approve, among other matters, the Settlement Deed and the transactions contemplated thereunder (including but not limited to the Equity Disposal, the Share Buy-back, the Whitewash Waiver and the Termination) and the Change of Company Name.

A notice convening the EGM to be held on Friday, 2 September, 2022 at 11:00 a.m. at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong is set out on pages EGM-1 to EGM-4 of this circular.

LETTER FROM THE BOARD

You will find enclosed the proxy forms for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy forms in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM, or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish.

Voting

As at the Latest Practicable Date, the Autumn Ocean Concert Group is interested in a total of 532,685,000 Shares, representing approximately 44.65% of the issued share capital of the Company and the Vendor is interested in 233,000,000 Shares, representing approximately 19.53% of the issued share capital of the Company. Save for these holdings, none of the members of the Autumn Ocean Concert Group or the Vendor, its ultimate beneficial owners or parties acting in concert with any of them held any Shares as at the Latest Practicable Date.

By reason of the requirements of the Buy-backs Code, the Takeovers Code and the GEM Listing Rules, (i) in respect of the Transactions (including the Whitewash Waiver), the Autumn Ocean Concert Group, the Vendor, its ultimate beneficial owners and parties acting in concert with any of them and those who are involved in, or are interested in, the Transactions, will abstain from voting in the EGM; (ii) in respect of the Share Buy-back, the Vendor, its ultimate beneficial owners and parties acting in concert with any of them and those Shareholders who have a material interest in the Transactions which is different from the interests of all other Shareholders will abstain from voting in the EGM; and (iii) in respect of the Change of Company Name, only Shareholders who are involved in or interested in the Change of Company Name are required to abstain from voting in the EGM. Save for these parties, no other Shareholder is required to abstain from voting on the resolution(s) approving the Transactions and the Change of Company Name in the EGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors, namely Mr. Sum Loong, Mr. Lau Hon Kee and Ms. Yue Chung Sze Joyce) has been established to consider the Transactions and to give recommendation to the Independent Shareholders as to how to vote on the resolutions to be proposed at the EGM in relation thereof. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Transactions. The appointment of Lego Corporate Finance Limited has been approved by the Independent Board Committee.

LETTER FROM THE BOARD

The Independent Board Committee, having considered the advice from the Independent Financial Adviser, considers that the terms of the Transactions are fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolutions in respect of the Transactions to be proposed at the EGM.

The recommendation of the Independent Board Committee is set out on pages 29 to 30 in this circular and the letter from the Independent Financial Adviser is set out on pages 31 to 53 in this circular.

RECOMMENDATION

The Directors (including the members of the Independent Board Committee who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) consider despite the Transactions are not in the ordinary and usual course of business of the Company, the terms of the Transactions and the Change of Company Name, as far as the Independent Shareholders are concerned, are fair and reasonable, on normal commercial terms and are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Transactions and the Change of Company Name to be proposed at the EGM.

ADDITIONAL INFORMATION

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

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

RaffAello-Astrum Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8333)

17 August 2022

To the Independent Shareholders

Dear Sir or Madam,

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION
TO THE SETTLEMENT DEED INVOLVING THE EQUITY DISPOSAL,
OFF-MARKET SHARE BUY-BACK AND THE TERMINATION; AND
(II) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of RaffAello-Astrum Financial Holdings Limited (the “**Company**”) dated 17 August 2022 (the “**Circular**”) to the shareholders of the Company, of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether the terms of the Transactions are fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Lego Corporate Finance Limited has been appointed to act as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions. The text of the letter of advice from Lego Corporate Finance Limited containing their recommendation and the principal factors they have taken into account in arriving at their recommendation is set out on pages 31 to 53 of the Circular.

Independent Shareholders are recommended to read the letter of advice from Lego Corporate Finance Limited, the letter from the Board contained in the Circular as well as the additional information set out in the appendices to the Circular. Having considered the terms of the Transactions and the advice of Lego Corporate Finance Limited, we consider that despite the Transactions are not in the ordinary and usual course of business of the Company, the terms of the Transactions are, as far as the Independent Shareholders are concerned, fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Transactions to be proposed at the EGM.

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

Mr. Sum Loong
Independent non-executive Director

Mr. Lau Hon Kee
Independent non-executive Director

Ms. Yue Chung Sze Joyce
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Transactions, which has been prepared for the purpose of inclusion in this circular.



17 August 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION
TO THE SETTLEMENT DEED INVOLVING THE EQUITY DISPOSAL,
OFF-MARKET SHARE BUY-BACK AND THE TERMINATION; AND
(II) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 17 August 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 6 July 2021, the Company entered into the Sale and Purchase Agreement (as amended and supplemented by a supplemental agreement thereto dated 15 July 2021) with the Vendor and RS BVI, pursuant to which the Company had agreed to acquire and the Vendor had agreed to sell the Sale Shares, representing 25% of the issued share capital of RS BVI, for a consideration of HK\$32,853,000, which was satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor, credited as fully paid at the issue price of HK\$0.141 per Consideration Share upon completion of the Acquisition. Completion of the Sale and Purchase Agreement took place on 30 September 2021 in accordance with the terms and conditions thereof.

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor has guaranteed in favour of the Company that the Audited Profit after Tax of RSL shall be not less than the Guaranteed Profit.

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Based on the unaudited management accounts of RSL made up to 31 March 2022, being the latest financial accounts of RSL made available to the Company prior to the entering into of the Settlement Deed, the Unaudited Profit before and after Tax of RSL was less than HK\$1.0 million. Based on such management accounts, the Guaranteed Profit was unlikely to be achieved. In view of the foregoing, the Company and the Vendor have negotiated in good faith towards each other with a view to settling the matter amicably and as a result of such negotiation, the Company, the Vendor and RS BVI entered into the Settlement Deed. Based on the audited accounts of RSL made up to 31 March 2022, the Audited Profit after Tax of RSL amounted to approximately HK\$602,000.

Pursuant to the terms and conditions of the Settlement Deed, it is agreed among the parties thereto that (i) the Company shall sell and the Vendor shall purchase the Sale Shares at the Disposal Price (i.e. the Equity Disposal); (ii) the Vendor shall through the Escrow Agent sell the Buy-back Shares and the Company shall purchase the Buy-back Shares for cancellation at the Buy-back Price (i.e. the Share Buy-back); (iii) the Option Deed be terminated with effect from the Completion Date; and (iv) the Shareholders' Agreement be terminated with effect from the Completion Date.

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company has made an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a meeting to be held for such purposes.

As at the Latest Practicable Date, the Autumn Ocean Concert Group was interested in a total of 532,685,000 Shares, representing approximately 44.65% of the issued share capital of the Company. Assuming there are no changes in the shareholdings of the Autumn Ocean Concert Group and the issued share capital of the Company from the Latest Practicable Date to Completion (other than the cancellation of the Consideration Shares), immediately upon Completion, the percentage shareholding of the Autumn Ocean Concert Group will be increased to approximately 55.49% of the reduced issued share capital of the Company upon Completion as a result of the Share Buy-back. In such circumstances, there is an obligation on the part of Autumn Ocean to make a general offer for all the Shares and all the outstanding Share Options not already owned by the Autumn Ocean Concert Group as a result of the Share Buy-back. An application has been made by Autumn Ocean to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code. The Executed has indicated that the Whitewash Waiver will be granted and will be conditional upon, among other things, (i) the approval of the Whitewash Waiver by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes; and (ii) the approval of the Transactions (other than the Whitewash waiver) by a simple majority of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes.

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As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Transactions under the Settlement Deed is more than 5% but less than 25%, the Transactions constitute discloseable transactions on the part of the Company under Chapter 19 of the GEM Listing Rules.

Further, the Vendor 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, who is the spouse of Mr. Tsang. As Mr. Tsang was an executive Director in the past 12 months, the Transactions constitute connected transactions on the part of the Company pursuant to Chapter 20 of the GEM Listing Rules. As such, the Transactions are subject to the notification, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

The EGM will be held to consider and if thought fit, approve, among other matters, the Settlement Deed and the transactions contemplated thereunder (including but not limited to the Equity Disposal, the Share Buy-back, the Whitewash Waiver and the Termination).

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Sum Loong, Mr. Lau Hon Kee and Ms. Yue Chung Sze Joyce, has been established to advise the Independent Shareholders in connection with the Transactions.

We, Lego Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser in accordance with the GEM Listing Rules to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions, and to make recommendations as to, among others, whether the terms of the Transactions are fair and reasonable as far as the Independent Shareholders are concerned, are normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole, and as to voting in respect of the relevant resolution at the EGM. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

During the past two years, Lego Corporate Finance Limited has acted as the independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to a continuing connected transaction, details of which are set out in the circular of the Company dated 9 September 2020. Save for the aforesaid and the engagement in connection with the Transactions, we had not been engaged by the Company for the provision of other services that would affect our independence. As at the Latest Practicable Date, save for the normal professional fees for our services provided to the Company in relation to the engagements described above, there were no other arrangements whereby we would receive any fees and/or benefits from the Group, therefore we consider such relationship or connections would not affect our independence. We were not aware of any relationships or interests between us and the Group, Raffaello Holdings Limited and Autumn Ocean, their respective substantial shareholders, directors or chief executives, or any of their respective associates that could reasonably be regarded as relevant to our independence. We are independent under Rule 17.96 of

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the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Transactions.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on, among others, (i) the information and facts contained or referred to in the Circular; (ii) the Acquisition Circular; (iii) the Announcement; (iv) the Settlement Deed; (v) the annual reports of the Company for each of the years ended 31 December 2020 and 2021 (respectively, the “**Annual Report 2020**” and the “**Annual Report 2021**”); (vi) the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report 2022**”); (vii) the information provided by the Group and its advisers; (viii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”) relating to the operations, financial condition and prospects of the Group; and (ix) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the EGM and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and/or the Management are true, accurate, complete and not misleading in all material respects at the time they were made and continue to be so until the date of the EGM. Independent Shareholders will be notified as soon as possible if there is any material change to such information, and any changes (or no change to) our advice as a result of such material changes in accordance with the GEM Listing Rules and Rule 9.1 of the Takeovers Code up to and including the date of the EGM.

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

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

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations with respect to the Settlement Deed and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in the provision of brokerage services, placing and underwriting services, corporate finance advisory services, financing services (including securities and IPO financing) and asset management services. Set out in Table 1 below are certain consolidated financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 as extracted from the Annual Report 2020 and the Annual Report 2021, and each of the six months ended 30 June 2021 and 2022 as extracted from the Interim Report 2022.

Table 1: Financial information of the Group

	For the six months ended 30 June		For the year ended 31 December		
	2022	2021	2021	2020	2019
	(unaudited) HK\$'000	(unaudited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000
Revenue					
– Commission from brokerage services	1,172	1,597	3,358	3,009	3,717
– Placing and underwriting commission	540	1,229	1,351	32,294	31,643
– Corporate finance advisory services fee	330	1,078	1,848	2,680	4,930
– Asset management services (i.e. fund management and performance fee)	593	1,055	1,737	2,307	1,289
– Interest income from securities and initial public offering (“IPO”) financing	1,296	2,759	4,617	7,558	3,852
Total	<u>3,931</u>	<u>7,718</u>	<u>12,911</u>	<u>47,848</u>	<u>45,431</u>

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	For the six months ended 30 June		For the year ended 31 December		
	2022	2021	2021	2020	2019
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period/year attributable to owners of the Company	(22,722)	(8,393)	(8,873)	(2,121)	12,030
	As at 30 June		As at 31 December		
	2022	2021	2020	2019	
	(unaudited)	(audited)	(audited)	(audited)	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Non-current assets	26,106	44,584	7,717	7,579	
Current assets	233,578	288,720	274,861	256,384	
Current liabilities	(65,662)	(115,743)	(109,155)	(79,463)	
Net current assets	167,916	172,977	165,706	176,921	
Non-current liabilities	(391)	(1,208)	–	(956)	
Net assets	193,631	216,353	173,423	183,544	

For the year ended 31 December 2020

For the year ended 31 December 2020, the Group recorded revenue of approximately HK\$47.85 million, representing an increase of approximately 5.33% as compared to approximately HK\$45.43 million for the previous year. Based on the Annual Report 2020, we noted that such increase was mainly attributable to the (i) increase in interest income from securities and IPO financing; and (ii) increase in asset management services fee income, which was partially offset by the decrease in corporate finance advisory services fee income.

For the year ended 31 December 2020, the Group recorded loss for the year attributable to owners of the Company of approximately HK\$2.12 million, against the profit attributable to owners of the Company of approximately HK\$12.03 million for the previous year. With reference to the Annual Report 2020, we noted that such loss turnaround was primarily resulted from, among others, the (i) year-over-year increase in administrative and other operating expenses, which was mainly attributable to an increase in the overall commission expenses driven by an increase in average commission paid to sub-underwriters and sub-placing agents; and (ii) year-over-year increase in finance costs, which was mainly attributable to the utilisation of staging facilities granted by a bank to cater for the Group's occasional needs of funding for its IPO financing services, details of which are set out in the listing prospectus of the Company dated 30 June 2016, recorded for the year ended 31 December 2020.

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Based on the revenue of approximately HK\$47.85 million and net loss attributable to owners of the Company of approximately HK\$2.12 million, the Group recorded negative profit margin of approximately 4.43% for the year ended 31 December 2020 against the positive profit margin of approximately 26.48% for the year ended 31 December 2019, which is computed based on the revenue of approximately HK\$45.43 million and net profit attributable to owners of the Company of approximately HK\$12.03 million for the preceding year. It is noted that the above was primarily resulted from a slight year-over-year increase in revenue and a loss recorded by the Group for the year ended 31 December 2020.

As at 31 December 2020, the net current assets and net assets of the Group amounted to approximately HK\$165.7 million and approximately HK\$173.4 million, respectively.

For the year ended 31 December 2021

For the year ended 31 December 2021, the Group recorded revenue of approximately HK\$12.91 million, representing a decrease of approximately 73.02% as compared to approximately HK\$47.85 million for the previous year. With reference to the Annual Report 2021, we noted that the decrease in revenue was mainly attributable to the significant decrease in commission income from placing and underwriting services as a result of the lack of IPO underwriting services engaged by the Group amid the generally challenging conditions of the Hong Kong stock market.

For the year ended 31 December 2021, the Group recorded loss for the year attributable to owners of the Company of approximately HK\$8.87 million, which was widened as compared to the loss attributable to owners of the Company of approximately HK\$2.12 million for the previous year. With reference to the Annual Report 2021, we noted that the increase in loss was primarily due to, among others, (i) the year-over-year decrease in annual revenue as mentioned above; and (ii) the recognition of impairment loss on investment in an associate, being the Target Group, of approximately HK\$14.7 million recorded for the year ended 31 December 2021, whereas no such recognition was made for the previous year.

Based on the revenue of approximately HK\$12.91 million and net loss attributable to owners of the Company of approximately HK\$8.87 million, the Group recorded negative profit margin of approximately 68.71% for the year ended 31 December 2021 as compared with the negative profit margin of approximately 4.43% recorded for the year ended 31 December 2020. It is noted that the above widening in negative profit margin was primarily resulted from a year-over-year decrease in revenue and a year-over-year increase in net loss attributable to the owners of the Company recorded for the year ended 31 December 2021.

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As at 31 December 2021, the net current assets and net assets of the Group amounted to approximately HK\$172.98 million and approximately HK\$216.35 million, respectively. The increase in the net assets was mainly due to the increase in share premium as a result of the issue of the Shares under the placing exercise completed on 24 February 2021 and for the purpose of settling the consideration for the Acquisition.

For the six months ended 30 June 2022

For the six months ended 30 June 2022, the Group recorded revenue of approximately HK\$3.93 million, representing a decrease of approximately 49.09% as compared to the revenue of approximately HK\$7.72 million in the previous corresponding period. As advised by the Management, performances of the overall business operations of the Group during the first half of 2022 was adversely affected by the generally poor sentiments of the capital market, under which transaction amount of customers' securities dealing, the numbers of both placing and underwriting engagements as well as corporate finance advisory engagements had declined, demand from client for securities and IPO financing was weak, and the net asset value per share of Astrum Absolute Return China Fund (a fund for which the Group has been the investment manager under its asset management services, the asset under management value and performance of which shall affect the level of management fee and performance fee to be generated by the Group for such segment) did not surpass the high water mark achieved in 2021, causing a decrease in the revenue generated from the respective businesses of the Group, being brokerage services, placing and underwriting services, corporate finance advisory services, financing services and asset management services, during the first half of 2022 as compared with the preceding corresponding period.

The Group recorded a loss for the six months ended 30 June 2022 attributable to the owners of the Company of approximately HK\$22.72 million, which was widened as compared to that of approximately HK\$8.39 million in the previous corresponding period. The widening in loss was in line with the Group's decreased revenue and the recognition of fair value loss of the Put and Repurchase Option, which was absent for the six months ended 30 June 2021, for the six months ended 30 June 2022.

Based on the revenue of approximately HK\$3.93 million and net loss attributable to owners of the Company of approximately HK\$22.72 million, the Group recorded negative profit margin of approximately 578.12% for the six months ended 30 June 2022 against the negative profit margin of approximately 108.68% recorded for the six months ended 30 June 2021, which is computed based on the revenue of approximately HK\$7.72 million and net loss attributable to owners of the Company of approximately HK\$8.39 million for the preceding corresponding period. It is noted that the above widening in negative profit margin was primarily resulted from a period-over-period decrease in revenue and a period-over-period widening in net loss attributable to the owners of the Company recorded for the six months ended 30 June 2022.

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As at 30 June 2022, the net current assets and net assets of the Group amounted to approximately HK\$167.92 million and approximately HK\$193.63 million, respectively.

2. Background information of the Target Group

RS BVI is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, RS BVI was wholly-owned as to 75% by the Vendor and as to 25% by the Company.

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

The Company acquired 25% equity interests of RS BVI from the Vendor at a consideration of HK\$32,853,000, which was satisfied wholly by way of allotment and issue of 233,000,000 Consideration Shares to the Vendor at the issue price of HK\$0.141 per Consideration Share on 30 September 2021. The Vendor has become a substantial Shareholder upon completion of the Sale and Purchase Agreement.

RS BVI does not carry out any business activities since its incorporation save as acting as an investment holding company for RSL. Set out in Table 2 below is a summary of the financial information of RSL based on the audited financial statements for the three years ended 31 March 2022.

Table 2: Financial information of RSL based on the audited financial statements for the three years ended 31 March 2022

	For the year ended 31 March		
	2022	2021	2020
	(audited)	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2,885	522	13,567
Profit/(loss) before tax	602	(3,116)	9,281
Profit/(loss) after tax	602	(3,116)	7,993
	As at 31 March		
	2022	2021	2020
	(audited)	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	19,502	20,692	34,550
Net assets	17,082	16,480	19,597

3. Reasons for and benefits of entering into the Transactions

In assessing the fairness and reasonableness of the entering into of the Transactions, we have primarily made reference to (i) the expected non-fulfilment of the Profit Guarantee; and (ii) various approaches considered by the Company to unwind the Acquisition and settle the Sale Shares and the Consideration Shares.

(i) The expected non-fulfilment of the Profit Guarantee

The significant shortfall of the Guaranteed Profits

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor has guaranteed in favour of the Company that the Audited Profit after Tax of RSL shall be not less than the Guaranteed Profit. Based on the unaudited management accounts of RSL made up to 31 March 2022 provided by the Vendor to the Company, being the latest financial accounts of RSL made available to the Company prior to the entering into of the Settlement Deed, the Unaudited Profit before and after Tax of RSL was less than HK\$1.0 million, which significantly fell short of the Guaranteed Profit of not less than HK\$15.5 million. As discussed with the Management, such relatively low Unaudited Profit after Tax of RSL was primarily due to the relatively low unaudited total revenue of RSL recorded for the same year, as compared with the then expected total revenue for the year ended 31 March 2022 (the “**Expected Total Revenue**”) of approximately HK\$23.4 million, resulted from the general plunge in IPO, placing as well as underwriting activities in Hong Kong as adversely influenced by, among others, the fluctuating condition of the COVID-19 pandemic recently. Based on the audited accounts of RSL made up to 31 March 2022, which was made available to the Company as at the Latest Practicable Date, the Audited Profit after Tax of RSL amounted to approximately HK\$602,000.

Determination basis of the Guaranteed Profits

As set out in the Acquisition Circular, the Guaranteed Profit of not less than HK\$15.5 million was determined before the entering into of the Sale and Purchase Agreement after arm’s length negotiations between the Company and the Vendor with reference to, among other things, (i) the then prospects and development potential of the Target Group; and (ii) the then prevailing economic environment. According to our discussions with the Management, when determining the amount of the Guaranteed Profits, the Board has made reference to the calculations of the expected profits of RSL for the year ended 31 March 2022 prepared by the management of RSL at the material time (the “**Expected Profit**”) and discussed with the management of RSL the underlying bases and assumptions. We have reviewed the aforesaid calculations and noted that the Expected Profit was principally arrived at after taking into account the Expected Total Revenue and the then expected administrative and other operating expenses

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for the same year. As the shortfall of the Unaudited Profit before and after Tax of RSL against the Expected Profit was mainly attributable to the substantial decrease in the Expected Total Revenue, we have assessed the factors leading to such decrease as set out below.

As a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, it is noted that the Expected Total Revenue of RSL was consisted of two components, being (i) the then underwriting commission income expected to be generated from five sponsorship engagements then secured by RaffAello Capital Limited (“**RCL**”), a fellow subsidiary of RSL and a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and principally engaged in new listing sponsorship (the “**Secured RCL Engagements**”), under which RSL was expected to act as the underlying underwriter (the “**Expected RCL Driven Revenue**”), which has accounted substantially for more than 70% of the Expected Total Revenue; and (ii) the then placing and underwriting commission expected to be generated from engagements secured by RSL independently without the participation of RCL, which has accounted for the remaining portion of the Expected Total Revenue (the “**Other Expected Placing/Underwriting Commission**”). As enquired with the Management, the Expected RCL Driven Revenue was estimated with reference to the expected underwriting commitment of the Secured RCL Engagements for the year ended 31 March 2022, the historical commission rates of similar engagements charged by RSL and the expected success rate of listing of the Secured RCL Engagements. We have reviewed the historical transactions details regarding underwriting activities conducted by RSL including but not limited to fund-raising sizes and commission rates, made reference to the annual report of the Securities and Futures Commission for 2020/2021 for the number of listing applications received and the number of new listing on the Stock Exchange during the period, and noted that the estimated success rate of listing adopted for compiling the Expected RCL Driven Revenue is in line with the implied success rate based on the statistics set out in the aforesaid report of the Securities and Futures Commission. In addition, the Other Expected Placing/Underwriting Commission was principally estimated with reference to the historical placing/underwriting commission generated from the engagements secured by RSL itself without the participation of RCL. We have, in this regard, reviewed the aforesaid placing/underwriting commission of RSL for the three years ended 31 March 2021 and noted that the estimation is in line with the historical placing/underwriting commission.

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Factors leading to the unlikelihood of achieving the Guaranteed Profits

We have reviewed the relevant engagements of the transactions underlying the Expected Total Revenue which were all entered into before the fifth wave of COVID-19 in Hong Kong. Based on our discussions with the Management, we understand that as at the date of the Sale and Purchase Agreement, the listing applications underlying four out of five Secured RCL Engagements had been submitted and all Secured RCL Engagements were expected to be completed by the end of March 2022. Yet, among others, the development of the fifth wave of COVID-19 has imposed uncertainties and risks on the capital market in Hong Kong and ultimately adversely affected the project pipeline of RSL. According to the HKEx Securities and Derivatives Markets Quarterly Reports, the number of companies newly listed on the Stock Exchange decreased by approximately 48.94% to 24 in the fourth quarter of 2021 from 47 in the preceding corresponding period, and such number then continued to exhibit a period-over-period decrease of 50.00% and decreased further to 16 in the first quarter of 2022. As advised by the Management, in line with the aforesaid diminishing market trend, the projects underlying all Secured RCL Engagements were either subsequently delayed or suspended due to the additional time required for the vetting process and/or the uncertainties surrounding the capital market and economy of Hong Kong, and none of such projects had been completed as expected by the end of March 2022, while the independent placing and/or underwriting activities of RSL have been relatively inactive amid the aforesaid challenging market conditions.

Accordingly, considering that (i) the determination of the Guaranteed Profit is closely related to the estimation of the Expected Total Revenue, which is in turn driven by the revenue expected to be generated by RSL from the Secured RCL Engagements as well as other placing/underwriting engagements independently secured by RSL; (ii) the latest status of the aforesaid engagements as adversely influenced by, among others, the COVID-19 pandemic; and (iii) the significant deviation of the Unaudited Profit before and after Tax of RSL from the Guaranteed Profit, we are of the view that the possibility of fulfilling the Guaranteed Profit as at the date of the Settlement Deed was very remote. Based on the audited accounts of RSL made up to 31 March 2022, which was made available to the Company as at the Latest Practicable Date, the Audited Profit after Tax of RSL amounted to approximately HK\$602,000 million.

(ii) Various approaches considered by the Company

With reference to the Acquisition Circular, pursuant to the terms and conditions of the Option Deed, the Vendor has irrevocably granted the Company the Put and Repurchase Option in the event that the relevant profit after tax of RSL (after excluding any extraordinary or exceptional items) reported in accordance with HKFRS as shown in the relevant audited financial statements of RSL is less than the

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Guaranteed Profit. As the Audited Profit after Tax of RSL was not yet made available to the Company at the material time, we understand that prior to the entering into of the Settlement Deed, the Company had considered various approaches to deal with the Sale Shares and the Considerations Shares in view of the then relatively low possibility of achieving the Guaranteed Profit, including the followings:

Cash compensation by the proceeds from the disposal of the Consideration Shares

It was considered that instead of exercising the Put and Repurchase Option or entering into of the Settlement Deed involving the Share Buy-back, the Vendor could compensate the Company in cash by the proceeds from the disposal of the Consideration Shares. While this approach was expected to have positive impacts on the cash balance of the Group as a result of the receipt of the cash compensation, such receipt is subject to the successful sale of the Consideration Shares in the open market. Also, it is noted that trading liquidity of the Shares has been generally thin, with the average daily trading volume of the Shares for each of the six full months immediately preceding the Latest Practicable Date (i.e. from February 2022 up to and including July 2022) having accounted for a range from approximately 0.00% to approximately 0.02% of the total number of 1,193,000,000 Shares in issue as at the Latest Practicable Date. Accordingly, considering the substantial lot of the Consideration Shares and the generally thin trading liquidity of the Shares, it might be difficult for the Vendor to complete the disposal on a timely manner and before the Completion Date and/or dispose of the Consideration Shares without a substantial discount which might impose negative impacts on the Shares price.

Further, as there will be no repurchase of the Consideration Shares by the Company, it is expected that shareholding of the existing public shareholders in the Company upon completion of the disposal of the Consideration Shares and cash compensation by the Vendor would remain diluted resulted from the previous issuance of the Consideration Shares for settlement of the consideration for the Acquisition, as opposed to a restoration back to the level prior to the Acquisition by way of the repurchase of the Consideration Shares by the Company under the Transactions or the Put and Repurchase Option.

Unwind the Acquisition through the entering into of the Settlement Deed

As stated in the Letter from the Board, save for the terms under the Option Deed that the Put and Repurchase Option may only be exercised by the Company within the Put Option Exercise Period as disclosed in the Acquisition Circular, there are no material differences in the terms of the Settlement Deed and the Option Deed.

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Upon Completion, RS BVI will cease to be an associate company of the Company and financial results of the Target Group shall no longer be equity accounted for in the consolidated financial statements of the Group after Completion. As set out in the sub-section headed “6. Potential financial effects of the Transactions” below of this letter, on the assumption that the Transactions had been completed as at 30 June 2022, it is expected that the Transactions would have a positive impact on the net assets attributable to owners of the Company per Share and no material impacts on the earnings, total liabilities and working capital of the Group immediately upon Completion. From the near future perspective, taking into account of the unlikelihood of achieving the Guaranteed Profits, the generally uncertain future prospect of RSL with reference to its delayed project pipelines and the continuous challenging conditions of the Hong Kong capital market, it is uncertain that RSL would be turned profitable in the next couple of months. Accordingly, the Transactions might have positive impacts on the financial performance of the Group in the near future after Completion. Further, as analysed in the sub-section headed “5. Effects on the shareholding interests of Shareholders” below of this letter, it is expected that the Transactions would result in an increase in the shareholding interest of the existing public shareholders in the Company upon Completion as compared to that as at the Latest Practicable Date. Accordingly, taking into account of the aforesaid potential difficulties for the Vendor to dispose of the Consideration Shares on a timely manner and/or without imposing a negative impact on the Share price, we concur with the views of the Company that the entering into of the Settlement Deed and the transactions contemplated thereunder, the terms of which were negotiated with the Vendor in good faith and in substance the same as those of the Option Deed, would be a more efficient and suitable approach to settle the Sales Shares and the Consideration Shares.

No exercise of the Put and Repurchase Option nor entering into of the Settlement Deed

Upon completion of the Acquisition, RSL has been accounted for as an associate company of the Company. In the event that the Put and Repurchase Option is not exercised or the Settlement Deed is not entered into, RS BVI shall continue to be an associate company of the Company and the earnings of the Group will continue to be affected by the financial performance of RSL, which might be uncertain in the near future as previously discussed.

Taking into consideration of (i) the then expected non-fulfilment of the Guaranteed Profit immediately prior to the entering into of the Settlement Deed; and (ii) the Settlement Deed, which aims to unwind the Acquisition by way of the Equity Disposal, the Share Buy-back and the Termination, represents a relatively suitable method to deal with the Sale Shares and the Consideration Shares as compared to other approaches, we consider that the entering into of the Transactions are fair and reasonable as far as the Independent

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Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

4. Principal terms of the Settlement Deed

Pursuant to the terms and conditions of the Settlement Deed, it is agreed among the parties thereto that (i) the Company shall sell and the Vendor shall purchase the Sale Shares at the Disposal Price (i.e. the Equity Disposal); (ii) the Vendor shall through the Escrow Agent sell the Buy-back Shares and the Company shall purchase the Buy-back Shares for cancellation at the Buy-back Price (i.e. the Share Buy-back); (iii) the Option Deed be terminated with effect from the Completion Date; and (iv) the Shareholders' Agreement be terminated with effect from the Completion Date.

Under the terms of the Settlement Deed, the Disposal Price is HK\$32,853,000, which is equivalent to the consideration for the acquisition of the Sale Shares by the Company under the Sale and Purchase Agreement. The Disposal Price shall be satisfied by the Vendor at Completion by delivering the Consideration Shares from the Escrow Agent to the Company for buy-back and cancellation at the Buy-back Price upon Completion.

Under the terms of the Settlement Deed, the Buy-back Price is HK\$32,853,000 (i.e. HK\$0.141 per Buy-back Share, which is equivalent to the issue price per Consideration Share under the Sale and Purchase Agreement).

The Buy-back Price per Buy-back Share represents:

- (i) a premium of approximately 9.30% over the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 9.30% over the average closing price of approximately HK\$0.129 per Share for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 8.46% over the average closing price of approximately HK\$0.130 per Share for the last ten trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 13.71% over the average closing price of approximately HK\$0.124 per Share for the last 30 trading days up to and including the Last Trading Day;
- (v) a discount of approximately 22.10% to the audited net asset value per Share attributable to Shareholders as at 31 December 2021 of approximately HK\$0.181;
- (vi) a discount of approximately 14.55% to the unaudited net asset value per Share attributable to Shareholders as at 31 March 2022 of approximately HK\$0.165;

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(vii) a discount of approximately 12.96% to the unaudited net asset value per Share attributable to the Shareholders as at 30 June 2022 of approximately HK\$0.162; and

(viii) a premium of approximately 12.80% over the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

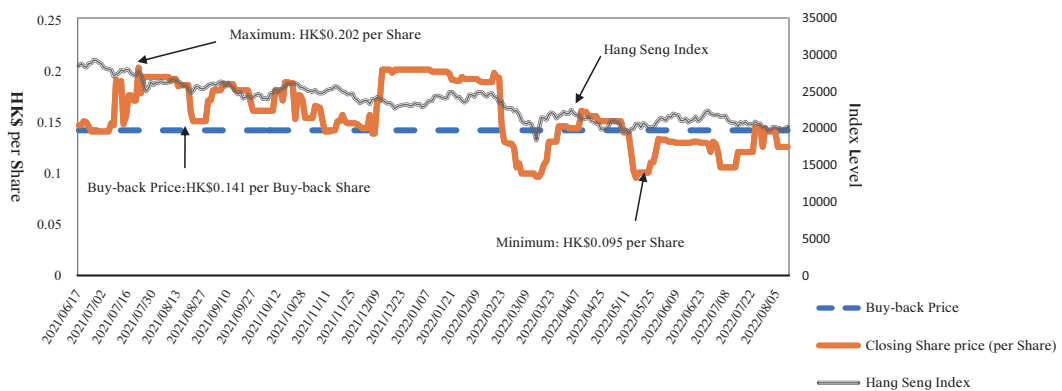
For other details of the principal terms of the Settlement Deed (including but not limited to details of the Termination), please refer to the sub-section headed “THE SETTLEMENT DEED” in the Letter from the Board.

As noted from the terms of the Settlement Deed, (i) each of the Disposal Price and the Buy-back Price is equivalent to the consideration for the acquisition of the Sale Shares by the Company under the Sale and Purchase Agreement and has been determined at the time of entering into the Sale and Purchase Agreement; and (ii) the Buy-back Price of HK\$0.141 per Buy-back Share is equivalent to the issue price per Consideration Share under the Sale and Purchase Agreement, which has been determined with reference to the then prevailing market prices of the Shares at the time of entering into the Sale and Purchase Agreement. In assessing the fairness and reasonableness of the terms of the Settlement Deed, we have nonetheless conducted a trading price analysis of the Buy-back Price against the recent closing prices of the Shares for reference purpose. Details of our analysis are set out below.

(i) Share price analysis

We have reviewed the daily closing prices of the Shares on the Stock Exchange for the period from 17 June 2021 (being approximately twelve-month period prior to the Last Trading Day, i.e. 16 June 2022) up to and including the Latest Practicable Date (the “Share Price Review Period”).

Chart 1: Daily Share price performance against the Buy-back Price during the Share Price Review Period



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Sources: The official website of the Stock Exchange (<https://www.hkex.com.hk/>) and the official website of Hang Seng Indexes Company Limited (<https://www.hsi.com.hk/>)

As illustrated in Chart 1, closing price of the Shares exhibited a generally fluctuating trend during the Share Price Review Period, which fluctuated between HK\$0.095 per Share, being the lowest closing price recorded on 17 May 2022, and HK\$0.202 per Share, being the highest closing price recorded on 22 July 2021, with an average of approximately HK\$0.155 per Share. The Buy-back Price of HK\$0.141 per Buy-back Share therefore represents (i) a premium of approximately 48.42% over the lowest closing price of the Shares; (ii) a discount of approximately 30.20% to the highest closing price of the Shares; and (iii) a discount of approximately 9.03% to the average closing price of the Shares during the Share Price Review Period.

We also noted that within 286 trading days during the Share Price Review Period, there were 193 trading days in which the closing price was higher than the Buy-back Price of HK\$0.141 per Buy-back Share, representing approximately 67.48% of the total number of trading days throughout the Share Price Review Period.

Since the beginning of the Share Price Review Period, closing price of the Shares had been generally increasing until it reached its peak of HK\$0.202 per Share on 22 July 2021, upon which it started to oscillate downward and reached HK\$0.138 per Share on 7 December 2021. On 13 December 2021, closing price of the Shares bounced back to a relatively high level of HK\$0.200 per Share and had since then been generally remained before it started to oscillate downward again in around late February 2022. After reaching the trough of HK\$0.095 per Share on 17 May 2022, closing price of the Shares gradually increased to HK\$0.130 per Share on 7 June 2022 and then remained relatively stable until the end of June 2022. Since early July 2022, closing price of the Shares dropped gradually and remained at HK\$0.105 from 6 July 2022 to 14 July 2022, upon which it fluctuated generally upward and reached HK\$0.125 on the Latest Practicable Date.

We have reviewed the information including announcements and financial information of the Company published on the website of the Stock Exchange during the Share Price Review Period and nothing has come to our attention that might have led to the aforesaid surges and plunges of the Share price. We have also discussed with the Management and the Directors confirmed that they were not aware of any particular matters which might have an impact on the aforesaid fluctuations of the closing prices of the Shares during the Share Price Review Period. Notwithstanding the above, it is noted that the generally downward trend of the closing price of the Shares during the each of the periods from around the end of July 2021 up to and until the beginning of December 2021 and from the beginning of July 2022 leading to the Latest Practicable Date, the relatively stable trend throughout June 2022, and the fluctuating trend of the closing price of the Shares during the period from around the end of February 2022 up to and until the Last Trading Day were generally in line with the trend of the Hang Seng Index in the respective corresponding periods.

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Accordingly, despite the fact that the Buy-back Price of HK\$0.141 per Buy-back Share represents a premium of approximately 12.80% over the closing price of the Shares as at the Latest Practicable Date, taking into account (i) the Buy-back Price is equivalent to the consideration for the acquisition of the Sales Shares by the Company under the Sale and Purchase Agreement and has been determined at the time of entering into the Sales and Purchase Agreement; (ii) the Buy-back Price of HK\$0.141 per Buy-back Share is equivalent to the issue price per Consideration Share under the Sale and Purchase Agreement, which has been determined with reference to the then prevailing market prices of the Shares at the time of entering into the Sale and Purchase Agreement; (iii) the Buy-back Price of HK\$0.141 per Buy-back Share represents a discount of approximately 9.03% to the average closing price of the Shares during the Share Price Review Period; (iv) the Buy-back Price of HK\$0.141 per Buy-back Share represents a discount to the closing price of the Shares for a substantial portion of approximately 67.48% of the whole Share Price Review Period; and (v) the reasons for and benefits of entering into the Transactions as set out in the sub-section headed “3. Reasons for and benefits of entering into the Transactions” above of this letter, we consider that the Buy-back Price of HK\$0.141 per Buy-back Share is fair and reasonable.

In addition, we have reviewed other principal terms of the Settlement Deed including but not limited to the terms of the Termination, and are not aware of any terms being unusual. In view of the above, we are of the view the Settlement Deed are on normal commercial terms, fair and reasonable and in the interests of the Company and as far as the Independent Shareholders are concerned.

5. Effects on the shareholding interests of Shareholders

As illustrated in the shareholding table under the section headed “EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY” in the Letter from the Board, immediately after Completion and assuming that no Share Options have been exercised and the number of Shares owned by each of the Shareholders (other than the Vendor) between the Latest Practicable Date and the date of Completion remain unchanged, (i) the shareholding interest of the existing public Shareholders would increase from approximately 35.82% as at the Latest Practicable Date to approximately 44.51%; (ii) the aggregate shareholding interest of the Autumn Ocean Concert Group would increase from approximately 44.65% as at the Latest Practicable Date to approximately 55.49%; and (iii) the shareholding interest of the Vendor would decrease from approximately 19.53% as at the Latest Practicable Date to nil. As such, it is expected that the Transactions would result in an increase in public float of the Company in terms of percentage shareholding interests in the public’s hands by approximately 8.69 percentage points as compared to that as at the Latest Practicable Date.

6. Potential financial effects of the Transactions

Immediately upon Completion, RS BVI will cease to be an associate company of the Company and the potential immediate financial effects of the Transactions include the following:

(i) Cash balances

Pursuant to the Companies Act, the Company will purchase the Buy-back Shares out of the share capital and share premium accounts of the Company. Upon Completion, the Consideration Shares shall be delivered to the Company for cancellation, whereupon the carrying values of the Company's 25% equity interests in RS BVI and the related Put and Repurchase Option in the Company's account will be credited whilst the share capital and share premium accounts of the Company will be debited without any cash outflow from the Company. There will be no inflow and outflow of cash generated from the Transactions. Accordingly, it is expected that the Transactions will not have any material effect on the cash balances of the Group immediately upon Completion.

(ii) Net assets per Share attributable to the Shareholders

The net asset value of the Group amounted to approximately HK\$193.6 million as at 30 June 2022. On the assumption that the Transactions have been completed as at 30 June 2022 and after taking into account the gain on the Transactions, it is expected that the net asset value of the Group would decrease to approximately HK\$160.1 million as a result of the Transactions. The Group's net assets attributable to owners of the Company per Share as at 30 June 2022 is expected to increase from approximately HK\$0.162 per Share to approximately HK\$0.167 per Share immediately upon Completion.

(iii) Earnings per Share

According to the Letter from the Board, it is expected that the Group will recognise a gain on the Transactions of approximately HK\$223,000, which is estimated based on the fair value of the Buy-back Shares of HK\$33,785,000 as at 30 June 2022 less the assets classified as held for sale in the amount of approximately HK\$33,562,000 as at 30 June 2022 (being the carrying values of the investment in an associate of approximately HK\$21,909,000 and the related Put and Repurchase Option of HK\$11,653,000). Taking into account of the estimated gain on the Transactions of approximately HK\$223,000, it is expected that there will be no material effect on the Group's earning or loss per Share immediately upon Completion.

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(iv) Total liabilities

As no cash proceeds would be generated from the Transactions, the Transactions will not have any impact on the liabilities on the Group immediately upon Completion.

(v) Working capital

Since there is no material cash outflow by the Company in order to effect the Transactions, it is expected that the Transactions will not have material adverse effect on the working capital sufficiency of the Remaining Group immediately upon Completion.

It should be noted that the actual amount of the financial impacts arising from the Transactions may be different from the amount mentioned above, and will be subject to review and final audit by the auditors of the Company.

Notwithstanding the above, after Completion, as the financial results of the Target Group will cease to be equity accounted for in the consolidated financial statements of the Group through recognition of share of result of an associate, financial results of the Target Group will cease to have any impacts on the net asset value of the Group. With respect to earnings of the Group, taking into account of aforesaid uncertain future prospect of the Target Group, the Transactions might have positive impacts on the financial performance of the Group in the near future after Completion. Further, the cessation of equity accounting of the Target Group after Completion shall have no impacts on the cash balances, total liabilities or working capital of the Group.

In light of the above, we are of the view that the Transactions will have no material adverse financial effects on the Group and the financial effects of the Transactions are justifiable.

7. The Share Buy-back and the Whitewash Waiver

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company has made an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a meeting to be held for such purposes.

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Share Buy-back, such increase will be treated as an acquisition of voting rights under Rule 32 of the Takeovers Code. As at the Latest Practicable Date, the Autumn Ocean Concert Group was interested in a total of 532,685,000 Shares, representing approximately 44.65% of the issued share capital of the Company. Assuming there are no

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changes in the shareholdings of the Autumn Ocean Concert Group and the issued share capital of the Company from the Latest Practicable Date to Completion (other than the cancellation of the Consideration Shares), immediately upon Completion, the percentage shareholding of the Autumn Ocean Concert Group will be increased to approximately 55.49% of the reduced issued share capital of the Company upon Completion as a result of the Share Buy-back. In such circumstances, there is an obligation on the part of Autumn Ocean to make a general offer for all the Shares and all the outstanding Share Options not already owned by the Autumn Ocean Concert Group as a result of the Share Buy-back. An application has been by Autumn Ocean to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted and will be conditional upon, among other things, the approval of the Whitewash Waiver by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM to be held for such purposes.

As disclosed in the paragraph headed “Conditions Precedent” from the Letter from the Board, Completion is subject to, among other things, the granting of the Share Buy-back and the Whitewash Waiver by the SFC and the approval of the Independent Shareholders of the relevant resolutions by way of poll at the EGM.

In light of the foregoing, in particular, the reasons for and benefits of entering into the Transactions and the potential financial effects of the Transactions, details of which are set out in the sub-sections headed “3. Reasons for and benefits of entering into the Transactions” and “6. Potential financial effects of the Transactions” respectively of this letter, we are of the opinion that the approval of the Share Buy-back and the Whitewash Waiver, each being a condition precedent to the Completion, is in the best interests of the Company and the Independent Shareholders as a whole and is fair and reasonable as far as the Independent Shareholders are concerned for the purpose of proceeding with the Transactions.

RECOMMENDATIONS

Having considered the principal factors and reasons as set out in this letter, and in particular that:

- (i) the then expected non-fulfilment of the Guaranteed Profit immediately prior to the entering into of the Settlement Deed and the proven non-fulfilment of the Guaranteed Profit as at the Latest Practicable Date;
- (ii) the Settlement Deed, which aims to unwind the Acquisition by way of the Equity Disposal, the Share Buy-back and the Termination, represents a relatively suitable method to deal with the Sale Shares and the Consideration Shares as compared to other potential alternatives;

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- (iii) each of the Disposal Price and the Buy-back Price is equivalent to the consideration for the acquisition of the Sale Shares by the Company under the Sale and Purchase Agreement and has been determined at the time of entering into the Sale and Purchase Agreement;
- (iv) the Buy-back Price of HK\$0.141 per Buy-back Share is equivalent to the issue price per Consideration Share under the Sale and Purchase Agreement, which has been determined with reference to the then prevailing market prices of the Shares at the time of entering into the Sale and Purchase Agreement;
- (v) the Buy-back Price represents a discount of approximately 9.03% to the average closing price of the Shares during the Share Price Review Period; and
- (vi) the financial effects of the Transactions are justifiable, in particular, (a) the net assets attributable to owners of the Company per Share is expected to increase as compared with that as at the Latest Practicable Date as a result of the completion of the Transactions; (b) considering the uncertain financial performance of RSL in the near future with reference to the non-fulfilment of the Guaranteed Profit, the delayed project pipelines of RSL and the continuous challenging conditions of the Hong Kong capital market, the potential positive financial impacts on the Group resulted from the Equity Disposal in the near future after Completion; and (c) the Share Buy-back will be conducted by debiting the share capital and share premium account of the Company without any cash outflow from the Company;

we are of the view that, notwithstanding that the Transactions were not entered into and conducted in the ordinary and usual course of business of the Group, we consider that the terms of the Transactions are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the EGM.

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

Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the accounting and investment banking industries.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated results and assets and liabilities of the Group for each of the three years ended 31 December 2019, 2020 and 2021 and the unaudited consolidated results and assets and liabilities of the Group for the six months ended 30 June 2022 as extracted from the respective published annual reports and interim report of the Company:

	For the year ended 31 December			For the six months ended
	2021 HK\$'000 (audited)	2020 HK\$'000 (audited)	2019 HK\$'000 (audited)	30 June 2022 HK\$'000 (unaudited)
Revenue	12,911	47,848	45,431	3,931
Other income	1,888	2,624	881	1,319
Fair value changes on financial assets at fair value through profit or loss	23,134	499	–	(12,302)
Administrative and other operating expenses	(30,073)	(50,120)	(31,918)	(15,536)
Impairment loss on investment in an associate	(14,661)	–	–	–
Finance costs	(1,535)	(2,822)	(251)	(40)
Share of result of an associate	(92)	–	–	(94)
(Loss)/profit before tax	(8,428)	(1,971)	14,143	(22,722)
Income tax expense	(445)	(150)	(2,131)	–
(Loss)/profit and total comprehensive (expense)/income for the year/period	<u>(8,873)</u>	<u>(2,121)</u>	<u>12,012</u>	<u>(22,722)</u>
(Loss)/profit and total comprehensive (expense)/income for the year/period attributable to:				
– Owners of the Company	(8,873)	(2,121)	12,030	(22,722)
– Non-controlling interests	–	–	(18)	–
	<u>(8,873)</u>	<u>(2,121)</u>	<u>12,012</u>	<u>(22,722)</u>
(Loss)/earnings per share				
– Basic and diluted (<i>HK cents</i>)	<u>(0.89)</u>	<u>(0.27)</u>	<u>1.50</u>	<u>(1.90)</u>
Dividend	–	8,000	12,000	–
Dividend per Share (<i>HK cents</i>)	<u>–</u>	<u>1.00</u>	<u>1.50</u>	<u>–</u>

Save and except for (i) the recognition of impairment loss on investment in an associate (being the Target Group) of approximately HK\$14.7 million and fair value gain of the Put and Repurchase Option of approximately HK\$23.8 million for the year ended 31 December 2021; and (ii) the recognition of fair value loss of the Put and Repurchase Option of approximately HK\$12.7 million for the six months ended 30 June 2022, there were no items of income or expense which were material for each of the three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022.

According to the published annual reports of the Company, in the opinion of HLB Hodgson Impey Cheng Limited, the auditors of the Group, the consolidated financial statements for the years ended 31 December 2019, 2020 and 2021 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, 2020 and 2021 and of the Group's consolidated financial performance and consolidated cash flows for the years then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong). HLB Hodgson Impey Cheng Limited has given unqualified opinion in respect of the financial statements of the Group for each of the three years ended 31 December 2021.

2. CONSOLIDATED FINANCIAL INFORMATION

The Company is required to set out or refer to in this circular the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022, together with the significant accounting policies and any points from the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 are set out on pages 3 to 23 of the interim report of the Company for the six months ended 30 June 2022, which was published on 11 August 2022. The interim report of the Company for the six months ended 30 June 2022 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

[“https://www1.hkexnews.hk/listedco/listconews/gem/2022/0811/2022081100417.pdf”](https://www1.hkexnews.hk/listedco/listconews/gem/2022/0811/2022081100417.pdf)

The audited consolidated financial statements of the Group for the year ended 31 December 2021 are set out on pages 53 to 145 of the annual report of the Company for the year ended 31 December 2021, which was published on 30 March 2022. The annual report of the Company for the year ended 31 December 2021 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

[“https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033001283.pdf”](https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033001283.pdf)

The audited consolidated financial statements of the Group for the year ended 31 December 2020 are set out on pages 38 to 115 of the annual report of the Company for the year ended 31 December 2020, which was published on 30 March 2021. The annual report of the Company for the year ended 31 December 2020 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001120.pdf>”

The audited consolidated financial statements of the Group for the year ended 31 December 2019 are set out on pages 39 to 111 of the annual report of the Company for the year ended 31 December 2019, which was published on 30 March 2020. The annual report of the Company for the year ended 31 December 2019 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

“<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033000806.pdf>”

3. INDEBTEDNESS

Indebtedness

As at the close of business on 30 June 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness of approximately HK\$2,025,000, being the lease liabilities for office premises.

Contingent liability

As at 30 June 2022, the Remaining Group had no significant contingent liabilities.

Disclaimers

Save as disclosed above, and apart from intra-group liabilities and normal accounts payables in the ordinary course of business of the Group, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowing (including but not limited to bank overdrafts and liabilities under acceptance (other than normal trade bills)), acceptance credits, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, any other mortgages and charges or any other material contingent liabilities or guarantees. The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group from the close of business on 30 June 2022 up to the Latest Practicable Date.

4. MATERIAL CHANGE

Save as disclosed below which have been disclosed in the interim report of the Company for the six months ended 30 June 2022, the Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 December 2021, being the date to which the latest published audited consolidated accounts of the Group were made up, and up to the Latest Practicable Date:

- (i) the Group recorded a decrease in revenue from approximately HK\$7,718,000 for the six months ended 30 June 2021 to that of approximately HK\$3,931,000 for the six months ended 30 June 2022. Such decrease was primarily due to, among others, (a) the period-over-period decrease in commission from brokerage services attributable to the decrease in the transaction amount of customers' securities dealing under the poor stock market sentiment; (b) the period-over-period decrease in commission from placing and underwriting services due to decrease in the number of placing and underwriting engagements; (c) the period-over-period decrease in corporate finance advisory services fee due to the decrease in the number of corporate finance advisory engagements; (d) the period-over-period decrease in interest income from securities and IPO financing attributable to the weak demand from clients for securities and IPO financing service; and (e) the period-over-period decrease in asset management services fee mainly due to the nil recognition of performance fee for the six months ended 30 June 2022, which was in turn due to the fact that the net asset value per share of Astrum Absolute Return China Fund (a fund for which the Group has been the investment manager under its asset management services, "**Astrum China Fund**") did not surpass the high water mark achieved in 2021, being the highest net asset value per share of the fund since its launch on 1 April 2015, where pursuant to the terms of the investment management agreement entered into between Astrum China Fund and the Group dated 18 March 2015, performance fee would only be charged by the Group if the net asset value of Astrum China Fund surpasses its high water mark at the relevant performance period, as opposed to the performance fee of approximately HK\$325,000 recognised in the preceding corresponding period;
- (ii) the Group recorded the recognition of fair value loss of the Put and Repurchase Option of approximately HK\$12,670,000 for the six months ended 30 June 2022 as compared to the nil recognition for the six months ended 30 June 2021; and
- (iii) the Group recorded a net loss of approximately HK\$22,722,000 for the six months ended 30 June 2022, which has been widened as compared to that of approximately HK\$8,393,000 for the six months ended 30 June 2021. Such widening of net loss was primarily due to (a) the aforesaid period-over-period decrease in revenue; and (b) the aforesaid recognition of fair value loss of the Put and Repurchase Option, which was absent for the six months ended 30 June 2021, for the six months ended 30 June 2022 as opposed to nil recognition for the corresponding period in 2021.

5. FINANCIAL AND BUSINESS PROSPECTS OF THE GROUP

Amid the fifth wave of COVID-19 outbreak in the beginning of 2022, the number of daily confirmed cases has once peaked at a level of over 70,000 in Hong Kong in March 2022. The raging pandemic has caused the Hong Kong Government to tighten anti-pandemic measures again, which has put economic activities and sentiment under pressure for yet another time. Following the increasing number of people vaccinated against COVID-19 as well as the effectiveness of the anti-pandemic measures imposed, the pandemic tended to be under control in the second quarter of 2022 and the economic activity in Hong Kong has started to recover in an orderly manner.

In addition to the prolonged adverse effects of COVID-19, the ongoing Russian-Ukrainian war, the disruption of supply chains followed by the rising global inflation and the interest rate hike in the United States of America also cast a shadow on the global economic outlook. The global and Hong Kong stock markets are expected to 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.

1. RESPONSIBILITY STATEMENT

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

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Autumn Ocean Concert Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the sole director of Autumn Ocean) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

The sole director of Autumn Ocean accepts full responsibility for the accuracy of the information contained in this circular (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date was, and as a result of the Share Buy-back will be, as follows:

<i>Authorised share capital:</i>	<i>HK\$</i>
<u>2,000,000,000</u> Shares as at the Latest Practicable Date	<u>20,000,000.00</u>
 <i>Issued and fully paid share capital or credited as fully paid:</i>	
1,193,000,000 Shares as at the Latest Practicable Date	11,930,000.00
<u>(233,000,000)</u> Consideration Shares to be cancelled upon Completion	<u>(2,330,000.00)</u>
<u>960,000,000</u> Total	<u>9,600,000.00</u>

The nominal value of the Shares and the Consideration Shares is HK\$0.01 each. All the existing issued Shares rank pari passu in all respects including all rights as to dividends, voting and capital.

The Company had not issued any Shares and no Shares had been bought back since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up) and up to and including the Latest Practicable Date. Further, no Shares had been bought-back by the Company during the period of 12 months immediately preceding the date of this circular.

During the two-year period immediately preceding the date of the Announcement and up to the Latest Practicable Date, the Company has issued Shares, details of which are set out as follows:

Date of issue	Number of Shares issued	Issue price per Share (HK\$)	Gross proceeds received by the Company (HK\$)
24 February 2021	160,000,000 (Note 1)	0.083	13,280,000
30 September 2021	233,000,000 (Note 2)	0.141	N/A (Note 2)

Notes:

1. For details of the Shares issued by the Company on 24 February 2021, please refer to the announcements of the Company dated 2 February 2021 and 24 February 2021.
2. These are Consideration Shares allotted and issued by the Company on 30 September 2021 to satisfy the Consideration of HK\$32,853,000 for the Acquisition of the Sale Shares. For further details, please refer to the Acquisition Circular and announcement of the Company dated 30 September 2021.

Save as disclosed above, there has been no issue of Shares of the class of the Buy-back Shares during the two-year period immediately preceding the date of the Announcement and up to the Latest Practicable Date.

As at the Latest Practicable Date, save for 68,000,000 Share Options which in aggregate entitle the holders thereof to subscribe for 68,000,000 Shares, the Company had no outstanding options, warrants, derivatives or securities convertible into Shares.

There was no reorganisation of capital of the Company during the two financial years preceding the date of the Announcement.

During the 2-year period immediately preceding the date of this circular, save that the Company had paid interim dividends for the three months ended 30 June 2022 of HK\$0.0025 per Share and the three months ended 30 September 2020 of HK\$0.0025 per Share, there were no dividends that have been proposed or paid out by the Company to the Shareholders during the 2-year period immediately preceding the date of this circular.

The Company's ability to pay dividends to the Shareholders depends on a number of factors including the Group's operation and financial performance, profitability, business development, prospects, capital requirements, and economic outlook. The Company will strike a balance between preserving cash for the Group for its operational and investment needs and distributing dividends to the Shareholders. The Company has no plan or intention to declare a dividend or alter its present dividend policy.

3. MARKET PRICES

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last trading day of the Stock Exchange for each calendar month during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share <i>HK\$</i>
31 December 2021	0.200
31 January 2022	0.191
28 February 2022	0.128
31 March 2022	0.145
29 April 2022	0.150
31 May 2022	0.132
16 June 2022 (being the Last Trading Date)	0.129
30 June 2022	0.130
29 July 2022	0.125
12 August 2022 (being the Latest Practicable Date)	0.125

During the Relevant Period, The highest and lowest closing prices of the Shares recorded on the Stock Exchange were HK\$0.200 during the period from 20 December 2021 to 10 January 2022 and HK\$0.095 on 17 May 2022 respectively.

4. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests in the Shares and underlying shares of the Company

As at the Latest Practicable Date, the interests and short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in the Shares and underlying shares of the Company

Name of Director(s)	Nature of interest	Number of issued Shares held	Number of underlying shares of the Company held pursuant to share option scheme (Note 2)	Total	Approximate percentage shareholding (Note 3)
Mr. Pan	Interest in controlled corporation/ Beneficial owner	532,685,000 (Note 1)	8,000,000	540,685,000	45.32%
Mr. Kwan Chun Yee Hidulf	Beneficial owner	–	8,000,000	8,000,000	0.67%

Notes:

- These 532,685,000 Shares are held by Autumn Ocean 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 for the purposes of the SFO.
- 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 share option scheme of the Company adopted on 23 June 2016 at an exercise price of HK\$0.096 per Share with a validity period of five years from the date of grant.
- The percentage is calculated on the basis of 1,193,000,000 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests in the Shares and underlying shares of the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital:

Long position in the Shares and underlying shares of the Company

Name of Shareholder	Capacity/ Nature of interest	Number of issued Shares held	Number of underlying shares of the Company	Total	Approximate percentage 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	Beneficial interest	532,685,000	–	532,685,000	44.65%
Mr. Tsang Kin Hung (Note 2)	Interest in controlled corporation	233,000,000	–	233,000,000	19.53%
Ms. Qin Siu Kiu Michelle (Note 2)	Interest in controlled corporation	233,000,000	–	233,000,000	19.53%
Captain Expert Limited (Note 2)	Interest in controlled corporation	233,000,000	–	233,000,000	19.53%
RaffAello Holdings Limited (i.e. the Vendor) (Note 2)	Beneficial owner	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 the Shares and underlying Shares in which Mr. Pan is interested in for the purposes of Part XV of the SFO.
2. 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, who is the spouse of Mr. Tsang. Hence, each of Captain Expert Limited, Mr. Tsang and Ms. Qin Siu Kiu Michelle is deemed, or taken to be, interested in all the Shares held by RaffAello Holdings Limited for the purposes of Part XV of the SFO.
3. The percentage is calculated on the basis of 1,193,000,000 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein, or the Takeovers Code.

5. ADDITIONAL DISCLOSURE OF SHAREHOLDING AND DEALINGS PURSUANT TO THE TAKEOVERS CODE AND THE BUY-BACKS CODE

As at the Latest Practicable Date,

- (a) the shareholdings of the Autumn Ocean Concert Group in the Company are set out in the section headed “EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY” in the letter from the Board of this circular and the paragraph headed “4. DISCLOSURE OF INTERESTS” in this appendix;
- (b) none of the Autumn Ocean Concert Group had dealt for value in any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period. In addition, the Company had no shareholding interest or any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in Autumn Ocean, nor had the Company dealt for value in any shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Autumn Ocean during the Relevant Period;
- (c) save as set out in the section headed “EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY” in the letter from the Board and the paragraph headed “4. DISCLOSURE OF INTERESTS” in this appendix, the sole director of Autumn Ocean was not interested in any securities of the Company nor had the sole director of Autumn Ocean dealt for value in any Shares or other securities of the Company during the Relevant Period;

- (d) save as set out in the section headed “EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY” in the letter from the Board and the paragraph headed “4. DISCLOSURES OF INTERESTS” in this appendix, none of the Autumn Ocean Concert Group owned or controlled any Shares or other securities of the Company;
- (e) none of the Autumn Ocean Concert Group had any arrangement of the kind described in Note 8 to Rule 22 of the Takeovers Code with any person;
- (f) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Autumn Ocean Concert Group and any Director, recent Director, shareholder or recent shareholder of the Company which had any connection with or dependence upon the Share Buy-back or the Whitewash Waiver;
- (g) save as disclosed in the paragraph headed “4. DISCLOSURE OF INTERESTS” in this appendix, none of the Directors or any persons acting in concert with them was interested in any Shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company and in any shares or other securities of Autumn Ocean. During the Relevant Period, none of the Directors or any persons acting in concert with them had dealt for value in any Shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company and in any shares or other securities of the Company or Autumn Ocean;
- (h) no shareholding in the Company was owned or controlled nor any Shares or other securities of the Company was dealt for value during the Relevant Period by a subsidiary of the Company or by a pension fund of any member of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” in the Takeovers Code or an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code but excluding exempt principal traders and exempt fund managers;
- (i) no person had any arrangement of the kind as described to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” in the Takeovers Code;
- (j) no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company;
- (k) no benefit would be given to any Director as compensation for loss of office or otherwise in connection with the Share Buy-back or the Whitewash Waiver;

- (l) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Share-Buy-back, the Whitewash Waiver or otherwise connected with any of them;
- (m) there was no material contracts which have been entered into by the Autumn Ocean Concert Group in which any Director has any a material personal interest;
- (n) no Shares which were deemed to be acquired by the Autumn Ocean Concert Group in pursuance of the Transactions will be transferred, charged or pledged to any other persons;
- (o) there was no shareholding in the Company which the Autumn Ocean Concert Group or any Directors or any persons acting in concert with them has borrowed or lent during the Relevant Period;
- (p) there was no shareholding in the Company which the Company or the Directors has/ have borrowed or lent during the Relevant Period;
- (q) (i) in respect of the Transactions (including the Whitewash Waiver), the Autumn Ocean Concert Group, the Vendor, its ultimate beneficial owners and parties acting in concert with any of them and those who are involved in, or are interested in, the Transactions, will abstain from voting in the EGM; (ii) in respect of the Share Buy-back, the Vendor, its ultimate beneficial owners and parties acting in concert with any of them and those Shareholders who have a material interest in the Transactions which is different from the interests of all other Shareholders will abstain from voting in the EGM; and (iii) in respect of the Change of Company Name, only Shareholders who are involved in or interested in the Change of Company Name are required to abstain from voting in the EGM;
- (r) save for Mr. Pan, who is an executive Director deemed or taken to be interested in 532,685,000 Shares held by Autumn Ocean and will be required to abstain from voting at the EGM in respect of the Transactions (including the Whitewash Waiver), none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to vote for or against the Share Buy-back and the Whitewash Waiver; and
- (s) the Company or the Autumn Ocean Concert Group or other parties acting in concert with the Company has not received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolutions approving the Transactions (including the Whitewash Waiver) to be proposed at the EGM.

6. DIRECTORS' SERVICE AGREEMENTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had entered into any service agreements with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the date of the Announcement and up to the Latest Practicable Date; (ii) are continuous contracts with notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period:

Director	Commencement date	Term of service	Amount of remuneration payable under the service agreement	Amount of variable remuneration/fee (e.g. commission on profit) payable under the service agreement
<i>Executive Directors</i>				
Mr. Pan	14 July 2019	three years	HK\$201,500 per month <i>(Note 1)</i>	N/A
	14 July 2022	three years	HK\$230,000 per month	N/A
Mr. Kwan Chun Yee Hidulf	14 July 2019	three years	HK\$156,000 per month <i>(Note 2)</i>	N/A
	14 July 2022	three years	HK\$160,000 per month	N/A
Ms. Yu Hoi Ling	25 October 2021	three years	HK\$25,000 per month	N/A
<i>Independent non-executive Directors</i>				
Mr. Sum Loong	1 November 2020	three years	HK\$11,000 per month	N/A
Mr. Lau Hon Kee	14 July 2019	three years	HK\$11,000 per month	N/A
	14 July 2022	three years	HK\$12,000 per month	N/A
Ms. Yue Chung Sze Joyce	24 September 2021	three years	HK\$11,000 per month	N/A

Notes:

1. The remuneration of Mr. Pan was adjusted on 1 January 2022 to HK\$230,000 per month.
2. The remuneration of Mr. Kwan Chun Yee Hidulf was adjusted on 1 January 2022 to HK\$160,000 per month.

7. COMPETING INTERESTS

As at the Latest Practicable Date, each of Mr. Tsang, Ms. Qin Siu Kiu Michelle (being the spouse of Mr. Tsang) and the Vendor 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) the Vendor (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) RSL (a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO).

As at the Latest Practicable Date, save as disclosed above, none of the Directors or substantial Shareholder and their respective close associates had any interests in a business which competes or may compete, either directly or indirectly, with the businesses of the Group and any other conflict of interest which any such person has or may have with the Group.

8. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE REMAINING GROUP

As at the Latest Practicable Date, save for: (i) the Sale and Purchase Agreement; and (ii) the supplemental financing services agreement dated 6 August 2020 entered into between Astrum Capital Management Limited (“**Astrum Capital**”), an indirect wholly-owned subsidiary of the Company, as service provider and Mr. Pan, as the service recipient in relation to the provision of margin financing and/or IPO financing services by Astrum Capital; (iii) the supplemental financing services agreement dated 6 August 2020 entered into between Astrum Capital as service provider and Mr. Kwan Chun Yee Hidulf as service recipient in relation to the provision of margin financing and/or IPO financing services by Astrum Capital; and (iv) the Settlement Deed, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Remaining Group.

As at the Latest Practicable Date, save as disclosed, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2021 (the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Remaining Group.

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

10. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date.

- (a) the supplemental financing services agreement dated 6 August 2020 entered into between Astrum Capital, as service provider, and Mr. Pan, as the service recipient, in relation to the provision of margin financing services of up to a daily maximum amount of HK\$20,000,000, HK\$20,000,000, and HK\$20,000,000 for each of the 12 months ending 31 December 2020, 2021 and 2022, respectively, and/or IPO financing services of up to a daily maximum amount of HK\$80,000,000, HK\$80,000,000, and HK\$80,000,000 for each of the 12 months ending 31 December 2020, 2021 and 2022, respectively, by Astrum Capital with a maximum aggregate annual amount of interest to be received from Mr. Pan of up to HK\$2,300,000, HK\$2,300,000, and HK\$2,300,000 for each of the 12 months ending 31 December 2020, 2021 and 2022, respectively;
- (b) the supplemental financing services agreement dated 6 August 2020 entered into between Astrum Capital, as service provider, and Mr. Kwan Chun Yee Hidulf, as the service recipient, in relation to the provision of margin financing services of up to a daily maximum amount of HK\$1,300,000, HK\$1,300,000, and HK\$1,300,000 for each of the 12 months ending 31 December 2020, 2021 and 2022, respectively, and/or IPO financing services of up to a daily maximum amount of HK\$20,000,000, HK\$20,000,000, and HK\$20,000,000 for each of the 12 months ending 31 December 2020, 2021 and 2022, respectively, by Astrum Capital with a maximum aggregate annual amount of interest to be received from Mr. Kwan Chun Yee Hidulf of up to HK \$125,000, HK\$125,000, and HK\$125,000 for each of the 12 months ending 31 December 2020, 2021 and 2022, respectively;
- (c) the sale and purchase agreement dated 6 July 2021 (the “**Sale and Purchase Agreement**”) and entered into amongst the Company, the Vendor and RS BVI, pursuant to which the Company had conditionally agreed to purchase, and the Vendor had conditionally agreed to sell, 27% of the issued share capital of RS BVI, for a consideration of HK\$33,558,000;
- (d) the supplemental agreement to the Sale and Purchase Agreement dated 15 July 2021 and entered into amongst the Company, the Vendor and RS BVI, pursuant to which the Company had conditionally agreed to purchase, and the Vendor had conditionally agreed to sell, 25% of the issued share capital of RS BVI, for a revised consideration of HK\$32,853,000;
- (e) the shareholders’ agreement dated 30 September 2021 entered into amongst the Company, the Vendor and RS BVI regulating the relationship between RS BVI and its shareholders (the “**Shareholders’ Agreement**”);

- (f) the option deed dated 30 September 2021 entered into between the Company and the Vendor (the “**Option Deed**”) in relation to an option granted by the Vendor to the Company to (i) sell all the 25 issued shares of RS BVI (the “**Sale Shares**”) to the Vendor and require the Vendor to purchase all the Sale Shares from the Company at HK\$32,853,000; and (ii) repurchase all the 233,000,000 ordinary shares of HK\$0.01 each in the issued share capital of the Company (the “**Consideration Shares**”) from the Vendor and require the Vendor to sell all the Consideration Shares at HK\$32,853,000 within the period commencing from the date of issue of the audited financial statements of RSL for the year ended 31 March 2022 and ending on a date falling 60 calendar days from such issue date; and
- (g) the settlement deed dated 16 June 2022 and entered into amongst the Company, the Vendor and RS BVI in relation to, among others, (i) the disposal of the Sale Shares by the Company to the Vendor at the consideration of HK\$32,853,000; (ii) the buy-back of the Consideration Shares by the Company from the Vendor for cancellation at the consideration of HK\$32,853,000; and (iii) the termination of each of the Option Deed and the Shareholders’ Agreement.

11. EXPERT AND CONSENT

The following is the name and qualification of the expert who has given its opinions and advice which are included in this circular:

Name	Qualification
Lego Corporate Finance Limited	Independent financial adviser

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

The above expert has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2021, the date to which the latest published audited financial statements of the Group were made up.

12. MISCELLANEOUS

- (a) The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is located at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.
- (c) The secretary of the Company is Mr. Lam Wing Tai who is a certified practising accountant of the Certified Practising Accountants Australia and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The registered address of Autumn Ocean is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (f) The sole director of Autumn Ocean is Mr. Pan, whose address is at Flat B, 35th Floor, Tower Three, The Leighton Hill, 2B Broadwood Road, Hong Kong.
- (g) The registered address of Lego Corporate Finance Limited is situated at Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong.
- (h) This circular and the accompanying form of proxy have been prepared in English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

13. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong during normal business hours on business days, and will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>), the SFC (<http://www.sfc.hk>) and the Company (www.astrum-capital.com/raffaello-astrum/) from the date of this circular up to and including the date of EGM:

1. the memorandum of association and articles of association of the Company;
2. the letter from the Independent Board Committee containing its advice to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

3. the letter from Lego Corporate Finance Limited containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” in this circular;
4. the annual reports of the Company for each of the three years ended 31 December 2021;
5. the interim report of the Company for the six months ended 30 June 2022;
6. the service agreements referred to in the paragraph headed “Directors’ Service Agreements” in this appendix;
7. the letter of consent referred to in the paragraph headed “Expert and Consent” in this appendix;
8. the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
9. the letter from the Board as set out in this circular;
10. the memorandum of association and articles of association of Autumn Ocean; and
11. this circular.

NOTICE OF EGM

RaffAello-Astrum Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8333)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of RaffAello-Astrum Financial Holdings Limited (the “**Company**”) will be held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Friday, 2 September 2022 at 11:00 a.m., for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- a. the conditional settlement deed dated 16 June 2022 (the “**Settlement Deed**”) (a copy of which is produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) and entered into amongst the RaffAello Holdings Limited (the “**Vendor**”), the Company and RS (BVI) Holdings Limited (“**RS BVI**”), in relation to, among others, (i) the disposal of 25% of the issued share capital of RS BVI at the disposal price of HK\$32,853,000 by the Company to the Vendor (the “**Equity Disposal**”); (ii) the buy-back of the 233,000,000 shares of the Company (the “**Buy-back Share(s)**”) by the Company from the Vendor for cancellation at the buy-back price of HK\$32,853,000 (i.e. HK\$0.141 per Buy-back Share), which constitutes an off-market share buy-back by the Company pursuant to Rule 2 of the Hong Kong Code on Share Buy-backs (the “**Share Buy-back**”); and (iii) the termination of each of the option deed dated 30 September 2021 entered into between the Company and the Vendor, and the shareholders’ agreement dated 30 September 2021 entered into amongst the Company, the Vendor and RS BVI with effect from the date of completion pursuant to the Settlement Deed (the “**Termination**”) and all other matters thereof and incidental thereto or in connection therewith be and are hereby approved, ratified and confirmed, and the directors of the Company (the “**Director(s)**”) be and are hereby authorised to do all such acts and things and execute all such documents, including under seal where appropriate, which they consider necessary, desirable or expedient for the implementation of and giving effect to the Settlement Deed and the transactions contemplated thereunder;

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- b. the Equity Disposal and the transactions contemplated thereunder be and is hereby approved, and any Director be and is hereby authorised to sign and execute such documents, including under seal where applicable, and to take all such acts and things incidental to the Equity Disposal or as he/she considers necessary, desirable or expedient to implement or give effect to the Equity Disposal and the transactions contemplated thereunder;
 - c. subject to the approval having been granted by the executive director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates (the “**Executive**”), the Share Buy-back and the transactions contemplated thereunder be and is hereby approved, and any Director be and is hereby authorised to sign and execute such documents, including under seal where applicable, and to take all such acts and things incidental to the Share Buy-back or as he/she considers necessary, desirable or expedient to implement or give effect to the Share Buy-back and the transactions contemplated thereunder; and
 - d. the Termination and the transactions contemplated thereunder be and is hereby approved, and any Director be and is hereby authorised to sign and execute such documents, including under seal where applicable, and to take all such acts and things incidental to the Termination or as he/she considers necessary, desirable or expedient to implement or give effect to the Termination and the transactions contemplated thereunder.”
2. “**THAT** conditional upon the passing of resolution numbered 1 above, and subject to the application for the waiver (the “**Whitewash Waiver**”) to be granted by the Executive to Autumn Ocean Limited (“**Autumn Ocean**”) pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers from its obligation to make a mandatory general offer for all the issued shares and all outstanding share options of the Company not already owned by Autumn Ocean, Mr. Pan Chik, Ms. Liu Ming Lai Lorna (being the spouse of Mr. Pan Chik) together with their respective associates and parties acting in concert with any of them (the “**Autumn Ocean Concert Group**”), as a result of the Share Buy-back, the Whitewash Waiver be and is hereby approved.”

SPECIAL RESOLUTION

3. “**THAT** subject to the passing of the resolutions numbered 1 and 2 above, and the entry of the new name and dual foreign name of the Company in the register of companies maintained by the Registrar of Companies in the Cayman Islands, the name of the Company be and is hereby changed from “RaffAello-Astrum Financial Holdings Limited” to “Astrum Financial Holdings Limited” and the dual foreign name in Chinese of the Company “阿仕特朗金融控股有限公司” (the “**Change of Company Name**”) be adopted with effect from the date of entry of the new English and dual foreign name of the Company on the register of companies maintained by the Registrar of Companies in the Cayman Islands, and any one or more of the Directors

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be and are hereby authorised to do all such acts and things and execute all such documents, including under seal where appropriate, which he/she/they consider necessary, desirable or expedient for the implementation of and giving effect to the Change of Company Name and the transactions ancillary thereto.”

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

Hong Kong, 17 August 2022

Registered Office:

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Head Office and Principal Place of

Business in Hong Kong:
Room 2704, 27/F
Tower 1 Admiralty Centre
18 Harcourt Road
Hong Kong

Notes:

1. A shareholder of the Company (“**Shareholders**”) entitled to attend and vote at the Meeting convened is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a Shareholder. In order to facilitate the prevention and control of the spread of the COVID-19 epidemic and to safeguard the health and safety of the Shareholders, the Company strongly encourages Shareholders to consider appointing the chairman of the meeting as his/her proxy to vote on the resolution as an alternative to attending in person.
2. In case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
3. To be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting (i.e. at or before 11:00 a.m. on Wednesday, 31 August 2022) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude a member from attending and voting in person.
4. The voting at the Meeting shall be taken by poll.
5. In order to qualify for attending and voting at the Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4: 30 p.m. on Thursday, 1 September 2022.
6. If typhoon signal no. 8 or above, or a “black” rainstorm warning is in effect any time after 8:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will publish an announcement on the website of the Company (www.astrum-capital.com/raffaello-astrum/) and on the “Latest Listed Company Information” page of the website of the Stock Exchange (www.hkexnews.hk) to notify the Company’s shareholders of the date, time and venue of the rescheduled meeting.

NOTICE OF EGM

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

Executive Directors

Mr. Pan Chik (*Chairman and Chief Executive Officer*)

Mr. Kwan Chun Yee Hidulf

Ms. Yu Hoi Ling

Independent Non-executive Directors

Mr. Sum Loong

Mr. Lau Hon Kee

Ms. Yue Chung Sze Joyce

As at the date of this notice, Mr. Pan Chik is the sole director of Autumn Ocean.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this notice (other than those relating to the Autumn Ocean Concert Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this notice (other than those expressed by the sole director of Autumn Ocean) have been arrived at after due and careful consideration and there are no other facts not contained in this notice, the omission of which would make any statement herein misleading.

The sole director of Autumn Ocean accepts full responsibility for the accuracy of the information contained in this notice (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this notice (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this notice, the omission of which would make any statement in this notice misleading.

This notice 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/).