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RaffAello-Astrum Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8333)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2022

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

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

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

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

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

SUMMARY

- Revenue for the three months ended 31 March 2022 amounted to approximately HK\$1,898,000 (three months ended 31 March 2021: approximately HK\$4,439,000).
- Loss and total comprehensive expense attributable to owners of the Company for the three months ended 31 March 2022 amounted to approximately HK\$19,827,000 (three months ended 31 March 2021: approximately HK\$4,066,000).
- Basic loss per share for the three months ended 31 March 2022 amounted to approximately HK1.66 cents (three months ended 31 March 2021: approximately HK0.47 cents).
- At a board meeting of the Company held on 11 May 2022, the Board did not recommend the payment of interim dividend for the three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2022 together with the comparative unaudited figures for the corresponding periods in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2022

	<i>Notes</i>	Three months ended	
		31 March	
		2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	1,898	4,439
Other income	4	349	1,006
Fair value changes on financial assets at fair value through profit or loss		(14,100)	41
Administrative and other operating expenses		(7,858)	(8,607)
Finance costs		(22)	(945)
Share of result of an associate		(94)	–
Loss before tax	5	(19,827)	(4,066)
Income tax expense	6	–	–
Loss and total comprehensive expense for the period attributable to owners of the Company		(19,827)	(4,066)
Loss per share			
– Basic and diluted (HK cents)	8	(1.66)	(0.47)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	
Three months ended 31 March 2021						
Balance at 1 January 2021 (Audited)	8,000	77,179	38,401	–	49,843	173,423
Loss and total comprehensive expense for the period	–	–	–	–	(4,066)	(4,066)
Placing of new shares	1,600	11,476	–	–	–	13,076
Recognition of equity-settled share-based payments	–	–	–	1,262	–	1,262
Balance at 31 March 2021 (Unaudited)	<u>9,600</u>	<u>88,655</u>	<u>38,401</u>	<u>1,262</u>	<u>45,777</u>	<u>183,695</u>
Three months ended 31 March 2022						
Balance at 1 January 2022 (Audited)	11,930	123,580	38,401	1,326	41,116	216,353
Loss and total comprehensive expense for the period	–	–	–	–	(19,827)	(19,827)
Lapse of share options	–	–	–	(73)	73	–
Balance at 31 March 2022 (Unaudited)	<u>11,930</u>	<u>123,580</u>	<u>38,401</u>	<u>1,326</u>	<u>41,116</u>	<u>216,353</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated financial statements for the three months ended 31 March 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements under Chapter 18 of the GEM Listing Rules. The unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 31 March 2022 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2021, except in relation to the application of the new and amendments to HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2022.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

2. BASIS OF PREPARATION (CONTINUED)

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1	Classification of Liabilities as Current or on-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined

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

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

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

The unaudited condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee of the Company. The unaudited condensed consolidated financial statements were approved by the Board for publication on 11 May 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

3. REVENUE

The Group's revenue for the three months ended 31 March 2022 and 2021 are as follows:

	Three months ended 31 March	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Commission from brokerage services	679	1,083
Placing and underwriting commission	–	345
Corporate finance advisory services fee	265	723
Asset management services		
– Fund management and performance fee	309	402
	1,253	2,553
Revenue from other sources		
Interest income from securities and initial public offering financing	645	1,886
Total revenue	1,898	4,439

Disaggregation of revenue from contracts with customers

	Three months ended 31 March	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Timing of revenue recognition from contracts with customers		
– On a point in time basis	679	1,428
– Over time basis	574	1,125
	1,253	2,553

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

4. OTHER INCOME

	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from		
– debt securities	177	–
– others	1	1
Administrative services income	48	4
Dividends from equity investments	2	3
Management fee income	26	24
Handling fee income	56	971
Sundry income	39	3
	349	1,006

5. LOSS BEFORE TAX

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

	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditors' remuneration	195	158
Commission expenses	–	21
Depreciation of property, plant and equipment	616	443
Depreciation of right-of-use assets	600	703
Interest expense on bank borrowings	–	942
Interest expense on lease liabilities	22	3
Net foreign exchange gain	(4)	–
Reversal of write-off of trade receivables	(268)	–
Employee benefits expense:		
Salaries and other benefits	4,750	5,257
Commission to accounts executives	108	266
Contributions to retirement benefit scheme	97	105
Total employee benefits expense, including directors' emoluments	4,955	5,628

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

6. INCOME TAX EXPENSE

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
– Current period	–	–

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from or arising in Hong Kong during the three months ended 31 March 2022 and 2021.

7. DIVIDENDS

At a board meeting of the Company held on 11 May 2022, the Board did not recommend the payment of interim dividend for the three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

8. LOSS PER SHARE

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(19,827)	(4,066)

	Three months ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,193,000,000	864,000,000

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options since their assumed exercise would have an anti-dilutive effect for the three months ended 31 March 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The financial results of the Group for the three months ended 31 March 2022 (the “**Current Period**”) were unsatisfactory due to the (a) the significant decrease in revenue from approximately HK\$4,439,000 for the three months ended 31 March 2021 (the “**Corresponding Period**”) to approximately HK\$1,898,000 for the Current Period; and (b) the recognition of fair value loss of the put and repurchase option relating to investment in an associate (the “**Put and Repurchase Option**”, details of which were set out in the circular of the Company dated 7 September 2021) held by the Group as at 31 March 2022 of approximately HK\$12,670,000 (Corresponding Period: Nil), and hence, the Group recorded a loss and total comprehensive expense attributable to owners of the Company of approximately HK\$19,827,000 for the Current Period as compared to that of approximately HK\$4,066,000 for the Corresponding Period.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased significantly by approximately 57.2% from approximately HK\$4,439,000 for the Corresponding Period to approximately HK\$1,898,000 for the Current Period.

Commission from brokerage services decreased significantly by approximately 37.3% from approximately HK\$1,083,000 for the Corresponding Period to approximately HK\$679,000 for the Current Period. Such decrease was mainly attributable to the decrease in the transaction amount of customers' securities dealing under the poor stock market sentiment in the first quarter of 2022.

No placing and underwriting commission was recognised for the Current Period (Corresponding Period: approximately HK\$345,000).

Corporate finance advisory services fee decreased significantly by approximately 63.3% from approximately HK\$723,000 for the Corresponding Period to approximately HK\$265,000 for the Current Period. Such decrease was mainly due to the decrease in the number of corporate finance advisory engagements from six engagements in the Corresponding Period to two engagements in the Current Period.

Interest income from securities and IPO financing decreased significantly by approximately 65.8% from approximately HK\$1,886,000 for the Corresponding Period to approximately HK\$645,000 for the Current Period. Such decrease was mainly attributable to the weak demand from client for securities and IPO financing services.

Asset management services fee decreased by approximately 23.1% from approximately HK\$402,000 for the Corresponding Period to approximately HK\$309,000 for the Current Period. The management fee remained stable at approximately HK\$309,000 for the Current Period (Corresponding Period: HK\$363,000) but no performance fee was recognised for the Current Period (Corresponding Period: approximately HK\$39,000) as the net asset value per share of Astrum Absolute Return China Fund did not surpass the high water mark achieved in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Other income

Other income decreased by approximately 65.3% from approximately HK\$1,006,000 for the Corresponding Period to approximately HK\$349,000 for the Current Period. Such decrease was mainly due to the decrease in handling fee income.

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

The Company has invested a certain portion of the idle cash in equity securities listed on the Stock Exchange and one unlisted investment fund.

During the Current Period, the Group recorded a net loss arising from fair value changes on financial assets at FVTPL of approximately HK\$14,100,000 (Corresponding Period: gain of approximately HK\$41,000), including (a) fair value loss of securities and fund investments of approximately HK\$1,430,000 (Corresponding Period: gain of approximately HK\$41,000) and (b) fair value loss of the Put and Repurchase Option of approximately HK\$12,670,000 (Corresponding Period: Nil).

The fair value loss of securities and fund investments comprised unrealised loss of approximately HK\$1,430,000. The aforesaid unrealised loss are non-cash in nature and will not have any impact on the cash flows of the Group. In light of volatility in the Hong Kong and global financial markets and economic conditions, the Group will continue to adopt a conservative approach in managing the investment portfolio.

The fair value loss of the Put and Repurchase Option of approximately HK\$12,670,000 was determined based on the appraisal of an independent professional valuer. Such fair value loss is a non-cash and extraordinary item and will not have any material impact on the Group’s cash flows and daily operation of business.

Administrative and other operating expenses

Administrative and other operating expenses decreased slightly by approximately 8.7% from approximately HK\$8,607,000 for the Corresponding Period to approximately HK\$7,858,000 for the Current Period. Such decrease as mainly due to decrease in (a) total employee benefits expense by approximately HK\$673,000 and (b) reversal of write-off of trade receivables of approximately HK\$268,000 for the Current Period (Corresponding Period: Nil).

Finance costs

Finance costs decreased significantly by approximately 97.7% from approximately HK\$945,000 for the Corresponding Period to approximately HK\$22,000 for the Current Period. Such decrease was mainly due to the absence of interest expense arising from utilisation of IPO staging bank loan facility for the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

LOSS FOR THE PERIOD

As a result of the foregoing, loss of approximately HK\$19,827,000 for the Current Period was recorded as compared to that of approximately HK\$4,066,000 for the Corresponding Period.

PROFIT GUARANTEE

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

Pursuant to the Sale and Purchase Agreement, RaffAello Holdings irrevocably and unconditionally warranted and guaranteed to the Company (or its nominee)(the “**Profit Guarantee**”) that the profit after tax of RaffAello Securities (HK) Limited (“**RSL**”), a wholly-owned subsidiary of RS (BVI), to be reported in accordance with Hong Kong Financial Reporting Standards as shown in its audited financial statements for the year ended 31 March 2022 (the “**Audited Full-Year Financial Statements**”), excluding any extraordinary or exceptional items such as subsidy, donation or other revenue derived outside the ordinary course of business of RSL, issued by the auditors will not be less than HK\$15,500,000 (the “**Guaranteed Profits**”). Details of the Acquisition were disclosed in the announcements of the Company dated 6 July 2021, 15 July 2021 and 30 September 2021, and the circular of the Company dated 7 September 2021.

Based on the unaudited management accounts of RSL for the year ended 31 March 2022 provided by RS (BVI), the unaudited profit after tax of RSL for the year ended 31 March 2022 as shown in such management accounts fell short of the Guarantee Profits. As at the date of this announcement, the auditors of RSL is in the course of preparing the Audited Full-Year Financial Statements. Further announcement(s) will be made by the Company to provide update on the Profit Guarantee as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Amid the fifth wave of coronavirus pandemic (the “COVID-19”) outbreak in the first quarter of 2022, the number of daily confirmed cases has once peaked at a level of over 70,000 in Hong Kong. Under the drastic deterioration of the pandemic situation, the Hong Kong Government has imposed a series of preventive measures to reduce social contacts among citizens. Due to the weak performance in both domestic and external demand, the gross domestic product in Hong Kong shrank by 4% in the first quarter of 2022 as compared to that in 2021. Entering the second quarter of 2022, the pandemic trend has tended to be stabilised and the Hong Kong Government announced the relaxation of social distancing measures with a view to relaunching social and economic activities. The gradually subsided pandemic situation, coupled with the boosting effect of the consumption vouchers, is expected to support a steady recovery of the economy in the coming months.

However, uncertainties in the global economy have increased markedly. The escalation of Russia-Ukraine conflict added additional risks to global financial markets and negatively affected global supply chains which have already been disrupted by the COVID-19. With the interest rate hike in the United States of America, it is expected that the interest rate spread between the Hong Kong dollar and United States dollar will widen, and there may be gradual outflows of funds from the Hong Kong dollar to United States dollar.

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.

EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 March 2022 and up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors.

INTERIM DIVIDEND

At a board meeting of the Company held on 11 May 2022, the Board did not recommend the payment of interim dividend for the three months ended 31 March 2022 (Corresponding Period: Nil).

OTHER INFORMATION

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

As at 31 March 2022, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) held by the Directors and chief executives of the Company (the “Chief Executives”) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(i) Long position in the shares and underlying shares of the Company

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

Notes:

- These 532,685,000 shares are held by Autumn Ocean Limited which is wholly owned by Mr. Pan and hence, Mr. Pan is deemed, or taken to be, interested in all the shares held by Autumn Ocean Limited for the purposes of the SFO.
- These 233,000,000 Shares are held by RaffAello Holdings which is wholly-owned by Captain Expert Limited, which is in turn owned as to 70% by Mr. Tsang and 30% by Ms. Qin Kiu Michelle (“Mrs. Tsang”), who is the spouse of Mr. Tsang. Hence, Mr. Tsang is deemed, or taken to be, interested in all the Shares held by RaffAello Holdings for the purposes of the SFO.
- Each of Mr. Pan and Mr. Kwan, the executive Directors, was granted on 4 January 2021 8,000,000 share options under the Scheme (as defined below) at an exercise price of HK\$0.096 per share with a validity period of five years from the date of grant. All the share options were immediately vested at the date of grant.
- The percentage is calculated on the basis of 1,193,000,000 shares of the Company in issue as at 31 March 2022.

OTHER INFORMATION

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

(ii) Long position in the shares and/or underlying shares of the Company's associated corporation

Name of associated corporation	Name of Director	Capacity/Nature of interests	Number of shares held	Approximate percentage of shareholding (Note 2)
RS (BVI)	Mr. Tsang	Interest of a controlled corporation	75 (Note 1)	75%

Notes:

1. These 75 shares of RS (BVI) are held by RaffAello Holdings which is wholly-owned by Captain Expert Limited, which is in turn owned as to 70% by Mr. Tsang and 30% by Mrs. Tsang, who is the spouse of Mr. Tsang. Hence, Mr. Tsang is deemed, or taken to be, interested in all the shares of RS (BVI) held by RaffAello Holdings for the purposes of the SFO.
2. The percentage is calculated on the basis of 100 issued shares of RS (BVI) as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, none of the Directors or Chief Executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to Section 352 of the SFO, which would have to be recorded in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, which would have to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

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

So far as the Directors and the Chief Executives are aware, as at 31 March 2022, other than the Directors and Chief Executives, the following persons had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long position in the shares and underlying shares of the Company

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

Notes:

1. Ms. Liu Ming Lai Lorna is the spouse of Mr. Pan. She is deemed, or taken to be, interested in all the Shares and underlying Shares in which Mr. Pan is interested for the purposes of the SFO.
2. These 233,000,000 Shares are held by RaffAello Holdings which is wholly-owned by Captain Expert Limited, which in turn is owned as to 70% by Mr. Tsang and 30% by Mrs. Tsang, who is the spouse of Mr. Tsang. Hence, Captain Expert Limited and Mrs. Tsang is deemed, or taken to be, interested in all the Shares held by RaffAello Holdings for the purposes of the SFO.
3. The percentage is calculated on the basis of 1,193,000,000 shares of the Company in issue as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, the Directors were not aware of any person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

OTHER INFORMATION

SHARE OPTION SCHEME

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

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

Details of the movements of share options during the Current Period are set out below:

	Outstanding at 1 January 2022	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at 31 March 2022
Directors and Chief Executives					
Mr. Pan	8,000,000	–	–	–	8,000,000
Mr. Kwan	8,000,000	–	–	–	8,000,000
Others					
Employees	32,000,000	–	–	(4,000,000)	28,000,000
Clients and business partner	24,000,000	–	–	–	24,000,000
Total	72,000,000	–	–	(4,000,000)	68,000,000

OTHER INFORMATION

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS" of this announcement, at no time during the Current Period and as at 31 March 2022 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and Chief Executives (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporation.

COMPETING INTERESTS

As at 31 March 2022, each of Mr. Tsang, Mrs. Tsang and RaffAello Holdings were interested in the following companies which compete or may compete, either directly or indirectly, with the business of the Company: (i) Captain Expert Limited (an investment holding company); (ii) RaffAello Holdings (an investment holding company); (iii) RaffAello Investment Management (HK) Limited (a corporation licensed to carry out Type 9 (asset management) regulated activity under the SFO); (iv) RC (BVI) Holdings Limited (an investment holding company); (v) RaffAello Capital Limited (a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO); (vi) RS (BVI) (an investment holding company and an associate company of the Company on or after 30 September 2021); and (vii) RaffAello Securities (HK) Limited (a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO).

Save as disclosed above, none of the Directors, the substantial shareholders of the Company nor their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the Current Period.

NON-COMPETITION UNDERTAKINGS

The Company received from Mr. Pan and Autumn Ocean Limited a confirmation in April 2022 on their compliance of the non-competition undertaking ("**Pan's Undertaking**") under the deed of non-competition dated 23 June 2016 given by them in favour of the Company (the "**Pan's Deed of Non-Competition**") for the period from 1 January 2022 to 31 March 2022. The audit committee of the Company (the "**Audit Committee**"), being all the independent non-executive Directors, reviewed the compliance of Pan's Undertaking and evaluated the effectiveness of the implementation of the Pan's Deed of Non-competition, and were satisfied that Mr. Pan and Autumn Ocean Limited have complied with Pan's Undertaking during the period from 1 January 2022 to 31 March 2022.

The Company received from Mr. Tsang a confirmation in April 2022 on his compliance of the non-competition undertaking ("**Tsang's Undertaking**") under the deed of non-competition dated 30 September 2021 given by him in favour of the Company (the "**Tsang's Deed of Non-Competition**") for the period from 1 January 2022 to 31 March 2022. The Audit Committee, being all the independent non-executive Directors, reviewed the compliance of Tsang's Undertaking and evaluated the effectiveness of the implementation of the Tsang's Deed of Non-competition, and were satisfied that Mr. Tsang has complied with Tsang's Undertaking during the Current Period.

OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at 31 March 2022, the Group had no circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules.

OTHER INFORMATION

AUDIT COMMITTEE

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

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

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

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

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

Hong Kong, 11 May 2022

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

Executive Directors

Mr. Pan Chik (Chairman and Chief Executive Officer)

Mr. Tsang Kin Hung (Vice-chairman)

Mr. Kwan Chun Yee Hidulf

Ms. Yu Hoi Ling

Independent Non-executive Directors

Mr. Sum Loong

Mr. Lau Hon Kee

Ms. Yue Chung Sze Joyce