
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Astrum Financial Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Astrum Financial Holdings Limited

阿仕特朗金融控股有限公司

(formerly known as RaffAello-Astrum Financial Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8333)

**(I) CONTINUING CONNECTED TRANSACTIONS:
2022 FINANCING SERVICES AGREEMENTS
AND RENEWAL OF ANNUAL CAPS;
(II) PROPOSED SHARE CONSOLIDATION;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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

A letter from the Board is set out on pages 8 to 24 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 25 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 41 of this circular.

A notice convening the EGM to be held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Monday, 19 December 2022 at 11:00 a.m. is set out on pages 46 to 49 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy 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 the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

This circular 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).

PRECAUTIONARY MEASURES FOR THE EGM

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the EGM, including:

- **compulsory body temperature checks and health declarations**
- **compulsory wearing of a surgical face mask for each attendee**
- **appropriate seating arrangement in line with the guidance promulgated by the Hong Kong Government**
- **no distribution of corporate gift or refreshment**

If necessary, more severe precautionary measures and/or other arrangement may be adopted at the EGM to comply with any new, amended and then existing law provision of Hong Kong in effect that time. The Company may change the EGM arrangement at short notice and issue further announcement(s) as appropriate. Shareholders should check the Company’s website (www.astrum-capital.com) for updates on the latest arrangement of the EGM.

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. The Company reminds Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

23 November 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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PRECAUTIONARY MEASURES FOR THE EGM

The health of our Shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic and the heightened requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature screening or checks will be conducted for every Shareholder, proxy or other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius or is exhibiting flu-like symptoms may be denied entry into the EGM venue or be required to leave the EGM venue.
- (ii) Each attendee must wear a surgical face mask throughout the EGM and inside the EGM venue, and maintain a safe distance between seats.
- (iii) Appropriate seating arrangement in line with the guidance promulgated by the Hong Kong Government will be made.
- (iv) No refreshment or drinks will be served, and there will be no corporate gift.
- (v) Each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the EGM venue or be required to leave the EGM venue.

If necessary, more severe precautionary measures and/or other arrangement may be adopted at the EGM to comply with any new, amended and then existing law provision of Hong Kong in effect that time. The Company may change the EGM arrangement at short notice and issue further announcement(s) as appropriate. Shareholders should check the Company's website (www.astrum-capital.com) for updates on the latest arrangement of the EGM. As such, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person, by completing and return the proxy form attached to this circular.

If any Shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our head office and principal place of business in Hong Kong.

If any Shareholder has any question relating to the EGM, please contact the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong
Tel: 2980 1333

DEFINITIONS

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

“2020 Mr. Kwan Supplemental Financing Services Agreement”	the supplemental agreement entered into between Astrum Capital and Mr. Kwan dated 6 August 2020, pursuant to which Astrum Capital and Mr. Kwan agreed to amend certain terms of the financing services agreement entered into between Astrum Capital and Mr. Kwan dated 7 May 2019 (including the annual caps)
“2020 Mr. Pan Supplemental Financing Services Agreement”	the supplemental agreement entered into between Astrum Capital and Mr. Pan dated 6 August 2020, pursuant to which Astrum Capital and Mr. Pan agreed to amend certain terms of the financing services agreement entered into between Astrum Capital and Mr. Pan dated 7 May 2019 (including the annual caps)
“2020 Supplemental Financing Services Agreements”	collectively, the 2020 Mr. Kwan Supplemental Financing Services Agreement and the 2020 Mr. Pan Supplemental Financing Services Agreement
“2022 Financing Services Agreements”	collectively, the 2022 Mr. Kwan Financing Services Agreement and the 2022 Mr. Pan Financing Services Agreement
“2022 Mr. Kwan Financing Services Agreement”	the financing services agreement entered into between Astrum Capital and Mr. Kwan dated 28 October 2022, pursuant to which the Group may, upon request, provide the IPO Financing Service and/or the Margin Financing Service to the Kwan’s Family
“2022 Mr. Pan Financing Services Agreement”	the financing services agreement entered into between Astrum Capital and Mr. Pan dated 28 October 2022, pursuant to which the Group may, upon request, provide the IPO Financing Service and/or the Margin Financing Service to the Pan’s Family
“Annual Caps”	collectively, the IPO Annual Caps, the Margin Annual Caps and the Interest Annual Caps under the 2022 Financing Services Agreements
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Astrum Capital”	Astrum Capital Management Limited (阿仕特朗資本管理有限公司), a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors

DEFINITIONS

“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Astrum Financial Holdings Limited (阿仕特朗金融控股有限公司) (formerly known as RaffAello-Astrum Financial Holdings Limited), a company incorporated in the Cayman Islands as an exempted company with limited liability and the issued Shares of which are listed on GEM (stock code: 8333)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the ordinary resolutions in respect of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps) and the Share Consolidation
“Existing Share(s)”	issued and unissued ordinary share(s) of HK\$0.01 each in the existing share capital of the Company before the Share Consolidation becoming effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“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 make recommendations to the Independent Shareholders in respect of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Pan, Mr. Kwan and their respective associates
“Independent Third Party(ies)”	individual(s) or company(ies) who is/are not connected with (as defined under the GEM Listing Rules) any Directors, chief executive or substantial Shareholders of the Company, or any of its subsidiaries or their respective associates
“Interest Annual Cap(s)”	the annual cap(s) of the interest to be received by the Group from the provision of the IPO Financing Service and the Margin Financing Service to each of the Pan’s Family and the Kwan’s Family under the 2022 Financing Services Agreements
“IPO”	initial public offering
“IPO Annual Cap(s)”	the annual cap(s) of the daily maximum amounts of the IPO Financing Service to be advanced by the Group to each of the Pan’s Family and the Kwan’s Family under the 2022 Financing Services Agreements
“IPO Financing Service”	provision of financial accommodation in order to facilitate the acquisition of securities in accordance with the term of a prospectus registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance
“Latest Practicable Date”	18 November 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Margin Annual Cap(s)”	the annual cap(s) of the daily maximum amounts of the Margin Financing Service to be advanced by the Group to each of the Pan’s Family and the Kwan’s Family under the 2022 Financing Services Agreements
“Margin Financing Service”	provision of financial accommodation in order to facilitate the acquisition of securities listed on any stock market, and where applicable, the continued holding of those securities
“Mr. Kwan”	Mr. Kwan Chun Yee Hidulf, an executive Director and a director of Astrum Capital
“Mr. Pan”	Mr. Pan Chik, an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the controlling Shareholders and a director of Astrum Capital
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Share(s)”	the Existing Share(s) or as the context may require, the Consolidated Share(s)
“Shareholder(s)”	holder(s) of the Existing Share(s), or the Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“the Kwan’s Family”	collectively referred to as Mr. Kwan and his associates
“the Pan’s Family”	collectively referred to as Mr. Pan and his associates (including his family members and certain private companies controlled by Mr. Pan and his family members but excluding the Group)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Share Consolidation:

Event(s)	Time and date
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:30 p.m. on Tuesday, 13 December 2022
Register of members of the Company closed for determining members who are entitled to attend and vote at the EGM	Wednesday, 14 December 2022 to Monday, 19 December 2022 (both days inclusive)
Latest time for lodging forms of proxy for the EGM	11:00 a.m. on Saturday, 17 December 2022
Record date for attendance and voting at the EGM	Monday, 19 December 2022
Date and time of the EGM	11:00 a.m. on Monday, 19 December 2022
Publication of the announcement of the poll results of the EGM	Monday, 19 December 2022
 The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this circular:	
Effective date of the Share Consolidation	Wednesday, 21 December 2022
Dealing in the Consolidated Shares commences	9:00 a.m. on Wednesday, 21 December 2022
First day of free exchange of existing share certificates for new share certificates for Consolidated Shares	Wednesday, 21 December 2022
Original counter for trading in the Existing Shares in board lots of 5,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 21 December 2022
Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 21 December 2022

EXPECTED TIMETABLE

Original counter for trading in the Consolidated Shares
in board lots of 5,000 Consolidated Shares (in the form of
new share certificates for the Consolidation Shares) re-opens 9:00 a.m. on
Monday, 9 January 2023

Parallel trading in the Consolidated Shares (in the form of
new share certificates for the Consolidated Shares and
existing share certificates) commences 9:00 a.m. on
Monday, 9 January 2023

Designated broker starts to stand in the market to provide
matching services for odd lots of the Consolidated Shares 9:00 a.m. on
Monday, 9 January 2023

Designated broker ceases to stand in the market to provide
matching services for odd lots of the Consolidated Shares 4:00 p.m. on
Wednesday, 1 February 2023

Temporary counter for trading in the Consolidated Shares
in board lots of 500 Consolidated Shares (in the form of
existing share certificates) closes 4:10 p.m. on
Wednesday, 1 February 2023

Parallel trading in the Consolidated Shares (in the form of
new share certificates for the Consolidated Shares and
existing share certificates) ends 4:10 p.m. on
Wednesday, 1 February 2023

Last day and time for free exchange of existing share
certificates for new share certificates for the Consolidated Shares 4:30 p.m. on
Friday, 3 February 2023

All times and dates specified in the expected timetable above refer to Hong Kong local times and dates.
Dates or deadlines specified in the expected timetable above are indicative only and may be extended or
varied by the Company. Any change to the expected timetable will be announced in a separate
announcement by the Company as and when appropriate.

LETTER FROM THE BOARD



Astrum Financial Holdings Limited

阿仕特朗金融控股有限公司

(formerly known as 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

Independent non-executive Directors:

Mr. Sum Loong

Mr. Lau Hon Kee

Ms. Yue Chung Sze Joyce

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

23 November 2022

To the Shareholders

Dear Sir or Madam,

**(I) CONTINUING CONNECTED TRANSACTIONS:
2022 FINANCING SERVICES AGREEMENTS
AND RENEWAL OF ANNUAL CAPS;
AND
(II) PROPOSED SHARE CONSOLIDATION**

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 28 October 2022 in relation to the 2022 Financing Services Agreements; and (ii) the announcement of the Company dated 1 November 2022 in relation to the Share Consolidation.

On 6 August 2020 (after trading hours), Astrum Capital entered into the 2020 Mr. Pan Supplemental Financing Services Agreement with Mr. Pan and the 2020 Mr. Kwan Supplemental Financing Services Agreement with Mr. Kwan in respect of the provision of the IPO Financing Service and the Margin Financing Service by the Group to the Pan's Family and the Kwan's Family from time to time.

LETTER FROM THE BOARD

As the 2020 Supplemental Financing Services Agreements will expire on 31 December 2022, on 28 October 2022 (after trading hours), Astrum Capital entered into the 2022 Mr. Pan Financing Services Agreement with Mr. Pan and the 2022 Mr. Kwan Financing Services Agreement with Mr. Kwan in respect of the provision of the IPO Financing Service and the Margin Financing Service by the Group to the Pan's Family and the Kwan's Family from time to time during the period commencing from 1 January 2023 and ending on 31 December 2025.

In addition, as disclosed in the announcement of the Company dated 1 November 2022, the Board proposed to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.1 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM. As at the Latest Practicable Date, there were 960,000,000 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be allotted, issued or repurchased from the Latest Practicable Date up to the date of the EGM, upon the Share Consolidation becoming effective, there will be 96,000,000 Consolidated Shares in issue which will be fully paid or credited as fully paid. The Existing Shares are currently traded on the Stock Exchange in board lot size of 5,000 Existing Shares. Upon the Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in board lot size of 5,000 Consolidated Shares.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps) and the proposed Share Consolidation; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps); (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps); (iv) other information as required under the GEM Listing Rules; and (v) the notice of the EGM.

(I) THE 2022 FINANCING SERVICES AGREEMENTS

(i) the 2022 Mr. Pan Financing Services Agreement

The principal terms of the 2022 Mr. Pan Financing Services Agreement are summarised as below:

- Date:** 28 October 2022 (after trading hours)
- Parties:**
- (1) Astrum Capital, a wholly-owned subsidiary of the Company, as the service provider; and
 - (2) Mr. Pan, being an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the controlling Shareholders and a director of Astrum Capital, as the service recipient
- Term:** the period commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)

LETTER FROM THE BOARD

Service Fee:

The amount of interests agreed to be charged by the Group and payable by the Pan's Family in respect of the IPO Financing Service and the Margin Financing Service shall be at the interest rate:

- (a) on normal commercial terms or on terms no less favourable to the Group than those offered to other customers of the Group who are Independent Third Parties for comparable services; and
- (b) in accordance with the relevant pricing policy of the Group which may be adjusted from time to time, and the provision of the IPO Financing Service and the Margin Financing Service shall be subject to the terms and conditions of the standard client agreement of Astrum Capital which may be revised from time to time.

Historical figures:

The daily maximum amounts of the IPO Financing Service and the Margin Financing Service advanced by the Group to the Pan's Family and the amounts of the interest income received by the Group from the Pan's Family for the two years ended 31 December 2021 and the nine months ended 30 September 2022 are set out below:

	For the year ended 31 December		For the nine months ended
	2020	2021	30 September
	HK\$'000	HK\$'000	2022
	(Approximately)	(Approximately)	(Approximately)
Daily maximum amounts of IPO financing (<i>Note</i>)	55,706	76,995	2,620
Daily maximum amounts of margin financing (<i>Note</i>)	19,821	19,974	17,436
Total interest income received	1,704	682	332

Note: The daily maximum amounts of IPO financing and margin financing of the Pan's Family represent the total maximum amount of loans advanced to the securities trading accounts held by the Pan's Family for the IPO Financing Service and the Margin Financing Service respectively on a daily basis for each of the two years ended 31 December 2021 and the nine months ended 30 September 2022 respectively.

LETTER FROM THE BOARD

The proposed Annual Caps:

The proposed daily maximum amounts of the IPO Financing Service and the Margin Financing Service to be advanced by the Group to the Pan's Family and the proposed amounts of the interest income to be received by the Group from the Pan's Family for the three years ending 31 December 2025 are set out below:

	For the year ending 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
IPO Annual Cap <i>(Note)</i>	80,000	80,000	80,000
Margin Annual Cap <i>(Note)</i>	20,000	20,000	20,000
Interest Annual Cap	1,000	1,000	1,000

Note: The proposed IPO Annual Cap and the proposed Margin Annual Cap of the Pan's Family represent the total maximum amount of loans to be advanced to the securities trading accounts held by the Pan's Family for the IPO Financing Service and the Margin Financing Service respectively on a daily basis for each of the three years ending 31 December 2025 respectively.

Basis of determination of the proposed Annual Caps

The proposed IPO Annual Caps under the 2022 Mr. Pan Financing Services Agreement were determined by the Group and Mr. Pan after taking into account: (i) the historical daily maximum amount of the IPO Financing Service advanced to the Pan's Family by the Group for the two years ended 31 December 2021 and the nine months ended 30 September 2022; and (ii) the prevailing securities market condition of Hong Kong.

The proposed Margin Annual Caps under the 2022 Mr. Pan Financing Services Agreement were determined by the Group and Mr. Pan after taking into account: (i) the historical daily maximum amount of the Margin Financing Service advanced to the Pan's Family by the Group for the two years ended 31 December 2021 and the nine months ended 30 September 2022; and (ii) the prevailing securities market condition of Hong Kong.

The proposed Interest Annual Caps under the 2022 Mr. Pan Financing Services Agreement were determined by the Group and Mr. Pan after taking into account: (i) the proposed IPO Annual Caps and the proposed Margin Annual Caps as mentioned above; (ii) the existing interest rates offered by the Group to the Pan's Family in respect of the IPO Financing Service and the Margin Financing Service; (iii) the expected number of days of advance for the IPO Financing Service and the Margin Financing Service; and (iv) the expected increase in the interest rate in Hong Kong in the next three years.

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after considering the advice from the Independent Financial Adviser) are of the view that the proposed IPO Annual Caps, the proposed Margin Annual Caps and the proposed Interest Annual Caps under the 2022 Mr. Pan Financing Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions precedent:

The 2022 Mr. Pan Financing Services Agreement shall be conditional upon:

1. the passing of the relevant resolution by the Independent Shareholders at the EGM; and
2. the Company having fully complied with all other requirements under the GEM Listing Rules in relation to the 2022 Mr. Pan Financing Services Agreement.

As at the Latest Practicable Date, none of the conditions as set out above had been fulfilled.

(ii) the 2022 Mr. Kwan Financing Services Agreement

The principal terms of the 2022 Mr. Kwan Financing Services Agreement are summarised as below:

- Date:** 28 October 2022 (after trading hours)
- Parties:**
- (1) Astrum Capital, a wholly-owned subsidiary of the Company, as the service provider; and
 - (2) Mr. Kwan, being an executive Director and a director of Astrum Capital, as the service recipient
- Term:** the period commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)

Service Fee:

The amount of interests agreed to be charged by the Group and payable by the Kwan's Family in respect of the IPO Financing Service and the Margin Financing Service shall be at the interest rate:

- (a) on normal commercial terms or on terms no less favourable to the Group than those offered to other customers of the Group who are Independent Third Parties for comparable services; and
- (b) in accordance with the relevant pricing policy of the Group which may be adjusted from time to time, and the provision of the IPO Financing Service and the Margin Financing Service shall be subject to the terms and conditions of the standard client agreement of Astrum Capital which may be revised from time to time.

LETTER FROM THE BOARD

Historical figures:

The daily maximum amounts of the IPO Financing Service and the Margin Financing Service advanced by the Group to the Kwan's Family and the amounts of the interest income received by the Group from the Kwan's Family for the two years ended 31 December 2021 and the nine months ended 30 September 2022 are set out below:

	For the year ended 31 December		For the nine months ended
	2020	2021	30 September 2022
	HK\$'000	HK\$'000	HK\$'000
	<i>(Approximately)</i>	<i>(Approximately)</i>	<i>(Approximately)</i>
Daily maximum amounts of IPO financing <i>(Note)</i>	11,462	15,780	200
Daily maximum amounts of margin financing <i>(Note)</i>	644	1,020	259
Total interest income received	57	60	1

Note: The daily maximum amounts of IPO financing and margin financing of the Kwan's Family represent the total maximum amount of loans advanced to the securities trading accounts held by the Kwan's Family for the IPO Financing Service and the Margin Financing Service respectively on a daily basis for each of the two years ended 31 December 2021 and the nine months ended 30 September 2022 respectively.

The proposed Annual Caps:

The proposed daily maximum amounts of the IPO Financing Service and the Margin Financing Service to be advanced by the Group to the Kwan's Family and the proposed amounts of the interest income to be received by the Group from the Kwan's Family for the three years ending 31 December 2025 are set out below:

	For the year ending 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
IPO Annual Cap <i>(Note)</i>	20,000	20,000	20,000
Margin Annual Cap <i>(Note)</i>	1,300	1,300	1,300
Interest Annual Cap	70	70	70

Note: The proposed IPO Annual Cap and the proposed Margin Annual Cap of the Kwan's Family represent the total maximum amount of loans to be advanced to the securities trading accounts held by the Kwan's Family for the IPO Financing Service and the Margin Financing Service respectively on a daily basis for each of the three years ending 31 December 2025 respectively.

LETTER FROM THE BOARD

Basis of determination of the proposed Annual Caps

The proposed IPO Annual Caps under the 2022 Mr. Kwan Financing Services Agreement were determined by the Group and Mr. Kwan after taking into account: (i) the historical daily maximum amount of the IPO Financing Service advanced to the Kwan's Family by the Group for the two years ended 31 December 2021 and the nine months ended 30 September 2022; and (ii) the prevailing securities market condition of Hong Kong.

The proposed Margin Annual Caps under the 2022 Mr. Kwan Financing Services Agreement were determined by the Group and Mr. Kwan after taking into account: (i) the historical daily maximum amount of the Margin Financing Service advanced to the Kwan's Family by the Group for the two years ended 31 December 2021 and the nine months ended 30 September 2022; and (ii) the prevailing securities market condition of Hong Kong.

The proposed Interest Annual Caps under the 2022 Mr. Kwan Financing Services Agreement were determined by the Group and Mr. Kwan after taking into account: (i) the proposed IPO Annual Caps and the proposed Margin Annual Caps as mentioned above; (ii) the existing interest rates offered by the Group to the Kwan's Family in respect of the IPO Financing Service and the Margin Financing Service; (iii) the expected number of days of advance for the IPO Financing Service and the Margin Financing Service; and (iv) the expected increase in the interest rate in Hong Kong in the next three years.

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after considering the advice from the Independent Financial Adviser) are of the view that the proposed IPO Annual Caps, the proposed Margin Annual Caps and the proposed Interest Annual Caps under the 2022 Mr. Kwan Financing Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent:

The 2022 Mr. Kwan Financing Services Agreement shall be conditional upon:

1. the passing of the relevant resolution by the Independent Shareholders at the EGM; and
2. the Company having fully complied with all other requirements under the GEM Listing Rules in relation to the 2022 Mr. Kwan Financing Services Agreement.

As at the Latest Practicable Date, none of the conditions as set out above had been fulfilled.

LETTER FROM THE BOARD

STANDARD MARGIN CLIENT AGREEMENT

The principal terms of the standard margin client agreement are summarised below:

(i) Operation and margin term of account

The account holder shall at all times maintain sufficient deposits, securities collateral and margin (including without limitation initial margin and additional margin from time to time required) in the account as collateral for payments, liabilities and indebtedness that may from time to time be due or owned to Astrum Capital, in such form, amount and market value to comply with the margin requirement in respect thereof as determined by Astrum Capital in its absolute discretion or which may be required by the rules of any exchange or market of which Astrum Capital is a member or through which Astrum Capital is trading.

Astrum Capital shall be entitled to revise margin requirements from time to time in its absolute discretion, including without limitation additional margin exceeding the requirements of the relevant exchange.

(ii) Payment term

The account holder shall on demand (whether verbally or in writing) from Astrum Capital promptly make payments of deposits or margins in cash, securities or otherwise, and in any event, within the time specified (whether verbally or in writing).

(iii) Default in payment

If the account holder commits a default in payment on demand of the deposits or margins or any other sums payable on the due date, or otherwise fails to comply with any of the terms, without prejudice to any other rights of Astrum Capital, it shall have the right to close all or any of the account(s) without notice to the account holder and to dispose of any or all securities held for or on behalf of the account holder and to apply the proceeds thereof and any cash deposit(s) to pay all outstanding balances owing to Astrum Capital. Any monies remaining after such application shall be refunded to the account holder.

Given that the principal terms of the standard margin client agreement are applicable across all margin clients of Astrum Capital (including the Pan's Family and the Kwan's Family), the Directors consider that the terms of margin client agreement applicable to the Pan's Family and the Kwan's Family are no less favourable to the Group than those applicable to other customers of the Group who are Independent Third Parties.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE 2022 FINANCING SERVICES AGREEMENTS

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.

It is the Group's policy to encourage its staff (including the Directors) to deal in securities through their securities trading accounts maintained with the Group, so as to facilitate the management of the Group to closely monitor staff dealings on a daily basis. Against this background, Mr. Pan, Mr. Kwan and their respective associates have been dealing in securities through their securities trading accounts maintained with the Group for a long time. According to their respective investment decision, they may utilise the IPO Financing Service and the Margin Financing Service to facilitate their acquisition of securities from time to time.

The provision of the IPO Financing Service and the Margin Financing Service are in the ordinary and normal course of business of the Group. The provision of the IPO Financing Service and the Margin Financing Service to Mr. Pan, Mr. Kwan and their respective associates could retain them to trade through the Group and in turn increase the interest income of the Group and facilitate the monitoring of their securities dealing.

The Group determines the interest rate for the IPO Financing Service with reference to a number of factors, including, amongst others, the demand for the IPO Financing Service in each IPO, the internal resources of the Group, the availability of external staging facilities provided by banks and the then market interest rate. The interest rate charged on Mr. Pan, Mr. Kwan and their respective associates for each IPO are the same as other comparable clients of the Group with similar investment characteristics such as size of IPO subscription and leverage ratio.

The Group generally determines the annual interest rate for the Margin Financing Service with reference to the prevailing Hong Kong Dollar Best Lending rate quoted by Hongkong and Shanghai Banking Corporation ("**Base Rate**"). The Group will then set an annual interest rate for each client based on, amongst others, their investment size, financing needs and trading frequency. Normally, the Group will charge a lower interest rate for its staff and selective clients, while a higher interest rate for certain clients with particular financing needs. As at the Latest Practicable Date, the annual interest rate of the Group's clients for the Margin Financing Service ranged from Base Rate minus 3% per annum to Base Rate plus 7% per annum. The annual interest rates charged by the Group to the Pan's Family and the Kwan's Family fall within the range of that charged to other clients.

In view of the above, the Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the proposed Annual Caps) are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

The Company has adopted and will continue to adopt the following internal control and risk management control measures in respect of the 2022 Financing Services Agreements:

- (i) when any member of the Pan's Family and the Kwan's Family opens a margin account in Astrum Capital, the account executive will propose an interest rate for margin financing service which should be comparable to the interest rate offered to other customers of the Group who are Independent Third Parties. The operation department will check whether the proposed interest rate for the Margin Financing Service to such member is no less favourable to the Group than the interest rates offered to other customers of the Group who are Independent Third Parties and in accordance with the pricing policy of the Group from time to time;
- (ii) in respect of each IPO financing, the interest rate charged by the Group on the securities trading accounts of the Pan's Family and the Kwan's Family will be the same as other customers of the Group who are Independent Third Parties for the same IPO application;
- (iii) the dealing department is responsible for the close monitoring of the trading transactions of securities trading accounts held by the Pan's Family and the Kwan's Family from time to time so as to ensure the amount of the IPO financing and margin financing will not exceed the IPO Annual Caps and the Margin Annual Caps respectively. After trading hours of the Stock Exchange on each trading day, the operation department will review the amount of IPO financing and margin financing of securities trading accounts held by the Pan's Family and the Kwan's Family;
- (iv) the independent non-executive Directors will perform an annual review and confirm in the annual report pursuant to Rule 20.53 of the GEM Listing Rules on whether the transactions contemplated under the 2022 Financing Services Agreements are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the 2022 Financing Services Agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (v) pursuant to Rule 20.54 of the GEM Listing Rules, the auditor of the Company will confirm, amongst other thing, (a) whether the transactions contemplated under the 2022 Financing Services Agreements have been approved by the Board; (b) whether the transactions contemplated under the 2022 Financing Services Agreements are, in all material aspects, in accordance with the pricing policies of the Group; (c) whether the transactions have been entered into, in all material aspects, in accordance with the 2022 Financing Services Agreements; and (d) whether the Annual Caps have been exceeded.

The Board is of the view that the above measures can ensure that the transactions contemplated under the 2022 Financing Services Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(II) PROPOSED SHARE CONSOLIDATION

The Board proposed to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.1 each.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 960,000,000 Existing Shares had been issued as fully paid or credited as fully paid. Assuming that no further Shares will be allotted, issued or repurchased from the Latest Practicable Date up to the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$20,000,000 divided into 200,000,000 Consolidated Shares of par value of HK\$0.1 each, of which 96,000,000 Consolidated Shares will be in issue and will be fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other. There will be no change in the relative rights of the Shareholders. Other than the expenses to be incurred in relation to the Share Consolidation (including, without limitation, the relevant professional fees and printing fees), the implementation of the Share Consolidation will not, in itself, alter the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

As at the Latest Practicable Date, none of the conditions as set out above had been fulfilled.

LETTER FROM THE BOARD

Listing application

An application has been made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as the compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the Latest Practicable Date, there were outstanding share options (the “**Share Options**”) under the share option scheme (the “**Share Option Scheme**”) adopted by the Company on 23 June 2016 entitling the holders thereof to subscribe for up to an aggregate of 68,000,000 Existing Shares. The proposed Share Consolidation may cause adjustments to the exercise prices of the Share Options and the number of the Consolidated Shares to be issued under the outstanding Share Options pursuant to the terms and conditions of the Share Options and under the terms and conditions of the Share Option Scheme. Further announcement will be made in respect of the said adjustments as and when appropriate.

Save as disclosed above, as at the Latest Practicable Date, the Company had no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

No change in board lot size

The Existing Shares are currently traded on the Stock Exchange in board lot size of 5,000 Existing Shares. Upon the Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in board lot size of 5,000 Consolidated Shares.

Based on the closing price of HK\$0.078 per Existing Share (equivalent to the theoretical closing price of HK\$0.780 per Consolidated Share) as quoted on the Stock Exchange as at the Latest Practicable Date, the theoretical market value of each board lot size of 5,000 Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$3,900.

LETTER FROM THE BOARD

OTHER ARRANGEMENTS

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots, if any, of the Consolidated Shares arising from the Share Consolidation, the Company has appointed Astrum Capital as an agent to provide matching services, on a best effort basis, regarding the sale and purchase of odd lots of the Consolidated Shares from 9:00 a.m. on Monday, 9 January 2023 to 4:00 p.m. on Wednesday, 1 February 2023 (both days inclusive). Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares, should contact Ms. Angie Yeung of Astrum Capital at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong (telephone number: +852 3665 8160) during the office hours of such period.

Shareholders with odd lot holdings of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is on a best effort basis. Successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots arrangement are recommended to consult their own professional advisers.

Free exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 21 December 2022 (being the second Business Day immediately after the date of the EGM), Shareholders may on or after Wednesday, 21 December 2022 and until Friday, 3 February 2023 (both days inclusive), submit their existing share certificates in colour of blue for the Existing Shares 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 for exchange for new share certificates for the Consolidated Shares in colour of green on the basis of every ten (10) Existing Shares for one (1) Consolidated Share without any fractional Consolidated Shares, at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Company's branch share registrar and transfer office in Hong Kong for exchange of new share certificates.

After 4:10 p.m. on Wednesday, 1 February 2023, trading will only be in Consolidated Shares which share certificates will be issued in colour of green. Existing share certificates in colour of blue for the Existing Shares will cease to be valid for trading, settlement and registration purpose, but will remain valid and effective as evidence of title.

LETTER FROM THE BOARD

REASONS FOR THE PROPOSED SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “**Guideline**”), (i) market price of the securities of an issuer at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the Latest Practicable Date, the closing price of each Existing Share was HK\$0.078. With a board lot size of 5,000 Existing Shares, the Company is trading below HK\$2,000 per board lot.

In view of the recent trading prices of the Existing Shares at the level of below HK\$0.10 and board lot value of below HK\$2,000, the Board proposed to implement the Share Consolidation. It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share. Taking into account the closing price of HK\$0.078 per Existing Share as at the Latest Practicable Date, it is expected that the Share Consolidation will increase the trading price per Consolidated Share to more than HK\$0.1 and the value of each board lot of the Consolidated Shares to more than HK\$2,000, and would therefore enable the Company to comply with the trading requirements under the GEM Listing Rules and the Guideline. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

In view of the above, the Board is of the view that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to carry out other corporate action or arrangement that may affect the trading in the Shares, including share consolidation, share subdivision and change in board lot size, in the next 12 months which would have a contradictory effect to the Share Consolidation. The Company does not have any current intention or plan to undertake any equity issues in the next 12 months.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

Mr. Pan is an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the controlling Shareholders and a director of Astrum Capital while Mr. Kwan is an executive Director and a director of Astrum Capital. Therefore, both Mr. Pan and Mr. Kwan are connected persons of the Company under Rule 20.07 of the GEM Listing Rules. Accordingly, the entering into of the 2022 Financing Services Agreements constituted continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the aggregate amount of the proposed Annual Caps under the 2022 Mr. Pan Financing Services Agreement exceed 25% and the aggregate amount of the proposed Annual Caps is more than HK\$10 million, the 2022 Mr. Pan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps thereof) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the GEM Listing Rules.

As more than one of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the aggregate amount of the proposed Annual Caps under the 2022 Mr. Kwan Financing Services Agreement exceed 25% and the aggregate amount of the proposed Annual Caps is more than HK\$10 million, the 2022 Mr. Kwan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps thereof) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the GEM Listing Rules.

GENERAL

In view of their respective interest in the 2022 Financing Services Agreements, Mr. Pan has abstained from voting in respect of the relevant board resolution regarding the 2022 Mr. Pan Financing Services Agreement, and Mr. Kwan has abstained from voting in respect of the relevant board resolution regarding the 2022 Mr. Kwan Financing Services Agreement.

The EGM will be held for considering and, if thought fit, approving the ordinary resolutions in respect of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps thereof) and the Share Consolidation.

By virtue of Mr. Pan's interest in the 2022 Mr. Pan Financing Services Agreement, Mr. Pan and his associates are required to abstain from voting on the resolution in relation to the 2022 Mr. Pan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM. As at the Latest Practicable Date, Mr. Pan, through his wholly-owned company namely, Autumn Ocean Limited, held 532,685,000 Existing Shares (equivalent to 53,268,500 Consolidated Shares following the Share Consolidation becoming effective), representing approximately 55.49% of the entire issued share capital of the Company. To the best of the Directors' knowledge and information, other than Mr. Pan and his associates, no Shareholders have a material interest in the 2022 Mr. Pan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) and therefore, no other Shareholders shall have to abstain from voting on the ordinary resolution in relation to the 2022 Mr. Pan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM.

LETTER FROM THE BOARD

By virtue of Mr. Kwan's interest in the 2022 Mr. Kwan Financing Services Agreement, Mr. Kwan and his associates are required to abstain from voting on the resolution in relation to the 2022 Mr. Kwan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM. As at the Latest Practicable Date, Mr. Kwan and his associates were not interested or deemed to be interested in any Shares. To the best of the Directors' knowledge and information, other than Mr. Kwan and his associates, no Shareholders have a material interest in the 2022 Mr. Kwan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) and therefore, no other Shareholders shall have to abstain from voting on the ordinary resolution in relation to the 2022 Mr. Kwan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution in relation to the Share Consolidation to be proposed at the EGM.

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 make recommendations to the Independent Shareholders in respect of the terms of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps thereof). The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

The notice convening the EGM to be held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Monday, 19 December 2022 at 11:00 a.m. is set out on pages 46 to 49 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy 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 later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 25 of this circular which contains its recommendation to the Independent Shareholders in relation to the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps), and the letter from the Independent Financial Adviser set out on pages 26 to 41 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Board (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after considering the advice from the Independent Financial Adviser) considers that the transactions contemplated under the 2022 Financing Services Agreements are in the ordinary and usual course of business of the Group, the 2022 Financing Services Agreements have been entered into on normal commercial terms, the terms and the proposed Annual Caps thereof are fair and reasonable, and the entering into of the 2022 Financing Services Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps).

In addition, the Board considers that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Share Consolidation.

ADDITIONAL INFORMATION

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

WARNING

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” under the section headed “(II) Proposed Share Consolidation” above. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Astrum Financial Holdings Limited

阿仕特朗金融控股有限公司

(formerly known as RaffAello-Astrum Financial Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8333)

23 November 2022

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:
2022 FINANCING SERVICES AGREEMENTS
AND RENEWAL OF ANNUAL CAPS**

We have been appointed to form an Independent Board Committee to consider and advise you on the terms of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps), details of which are set out in the circular issued by the Company to the Shareholders dated 23 November 2022 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 8 to 24 and pages 26 to 41 of the Circular, respectively, and the additional information set out in the appendix to the Circular.

Having taken into account the advice and recommendations of the Independent Financial Adviser and reasons taken into consideration by them in arriving at their opinion, we consider that the entering into of the 2022 Financing Services Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Independent Shareholders as a whole. We also consider that the terms of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps).

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 Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps), which has been prepared for the purpose of inclusion in this circular.



23 November 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS:
2022 FINANCING SERVICES AGREEMENTS
AND
RENEWAL OF ANNUAL CAPS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2022 Financing Services Agreements, 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 23 November 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Circular, unless the context otherwise requires.

On 28 October 2022 (after trading hours), Astrum Capital entered into the 2022 Mr. Pan Financing Services Agreement with Mr. Pan and the 2022 Mr. Kwan Financing Services Agreement with Mr. Kwan in respect of the provision of the IPO Financing Service and the Margin Financing Service by the Group to the Pan’s Family and the Kwan’s Family from time to time for the period commencing from 1 January 2023 and ending on 31 December 2025.

Mr. Pan is an executive Director, the chairman of the Board, the chief executive officer of the Company, one of the controlling Shareholders and a director of Astrum Capital, while Mr. Kwan is an executive Director and a director of Astrum Capital. Therefore, both Mr. Pan and Mr. Kwan are connected persons of the Company under Rule 20.07 of the GEM Listing Rules. Accordingly, the entering into of the 2022 Financing Services Agreements constitutes continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As all of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the aggregate amount of the proposed Annual Caps under the 2022 Mr. Pan Financing Services Agreement exceed 25% and the aggregate amount of the proposed Annual Caps is more than HK\$10 million, the 2022 Mr. Pan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps thereof) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the GEM Listing Rules. As more than one of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the aggregate amount of the proposed Annual Caps under the 2022 Mr. Kwan Financing Services Agreement exceed 25% and the aggregate amount of the proposed Annual Caps is more than HK\$10 million, the 2022 Mr. Kwan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps thereof) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the GEM Listing Rules.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps thereof). By virtue of Mr. Pan's interest in the 2022 Mr. Pan Financing Services Agreement, Mr. Pan and his associates are required to abstain from voting on the resolution in relation to the 2022 Mr. Pan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM. As at the Latest Practicable Date, Mr. Pan, through his wholly-owned company namely, Autumn Ocean Limited, holds 532,685,000 Shares, representing approximately 55.49% of the entire issued share capital of the Company. To the best of the Directors' knowledge and information, no Shareholders (other than Mr. Pan and his associates) have a material interest in the 2022 Mr. Pan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) and therefore, no other Shareholders shall have to abstain from voting on the ordinary resolution in relation to the 2022 Mr. Pan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM. By virtue of Mr. Kwan's interest in the 2022 Mr. Kwan Financing Services Agreement, Mr. Kwan and his associates are required to abstain from voting on the resolution in relation to the 2022 Mr. Kwan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM. As at the Latest Practicable Date, Mr. Kwan and his associates are not interested or deemed to be interested in any shares of the Company. To the best of the Directors' knowledge and information, no Shareholders (other than Mr. Kwan and his associates) have a material interest in the 2022 Mr. Kwan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) and therefore, no other Shareholders shall have to abstain from voting on the ordinary resolution in relation to the 2022 Mr. Kwan Financing Services Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed at the EGM.

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 make recommendations to the Independent Shareholders in respect of the terms of the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps thereof).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We, Lego Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser in accordance with the requirements of the GEM Listing Rules to advise the Independent Board Committee and the Independent Shareholders in relation to the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps thereof), and to make a recommendation as to (i) whether the entering into of the 2022 Financing Services Agreements is in the ordinary and usual course of business of the Group; (ii) whether the terms of the 2022 Financing Services Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how to vote with respect to the relevant resolution(s) at the EGM.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last 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 discloseable and connected transaction involving application for whitewash waiver, details of which are set out in the circular of the Company dated 17 August 2022. Apart from normal professional fees paid or payable to us in connection with the aforesaid appointment and our appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group. Accordingly, we are independent under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser and to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on (i) the information contained or referred to in the Circular; (ii) the information provided by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) 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 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. The Company shall inform the Independent Shareholders as soon as possible if there is any material change to such information in accordance with the GEM Listing Rules on or before 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, 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 subsidiaries or associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations, we have taken into account the following principal factors and reasons:

1. Reasons for and benefits of entering into the 2022 Financing Services Agreements

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. As disclosed in the Letter from the Board, it is the Group's policy to encourage its staff (including the Directors) to deal in securities through their securities trading accounts maintained with the Group, so as to facilitate the management of the Group to closely monitor staff dealings on a daily basis. Against this background, Mr. Pan, Mr. Kwan and their respective associates have been dealing in securities through their securities trading accounts maintained with the Group for a long time. According to their respective investment decision, they may utilise the IPO Financing Service and the Margin Financing Service to facilitate their acquisition of securities from time to time. While the IPO Financing Service and the Margin Financing Service are in the ordinary and normal course of business of the Group, the provision of the IPO Financing Service and the Margin Financing Service to Mr. Pan, Mr. Kwan and their respective associates could retain them to trade through the Group and in turn increase the interest income of the Group and facilitate the monitoring of their securities dealing.

Having considered that (i) it is the Group's policy to encourage its employees to trade through their securities accounts maintained with the Group to facilitate close monitoring of their securities dealing; (ii) both the Pan's Family and the Kwan's Family have been dealing in securities through their securities accounts maintained with the Group for years; (iii) the provision of the IPO Financing Service and the Margin Financing Service under the 2022 Financing Services Agreements are in the ordinary and usual course of business of the Group, and the interest income arising therefrom accounted for approximately 3.68%, 5.75% and 5.62% of the Group's total revenues for each of the two years ended 31 December 2021 and the nine months ended 30 September 2022, respectively, we are of the view that the entering into of the 2022 Financing Services Agreements to renew the existing transactions with the Pan's Family and the Kwan's Family for the next three years is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the 2022 Financing Services Agreements

Pursuant to the 2022 Financing Services Agreements, Astrum Capital shall provide the IPO Financing Service and the Margin Financing Service to the Pan's Family and the Kwan's Family from time to time for the period commencing from 1 January 2023 and ending on 31 December 2025. The amount of interests agreed to be charged by the Group and payable by the Pan's Family and the Kwan's Family in respect of the IPO Financing Service and the Margin Financing Service shall be at the interest rate (i) on normal commercial terms or on terms no less favourable to the Group than those offered to other customers of the Group who are Independent Third Parties for comparable services; and (ii) in accordance with the relevant pricing policy of the Group which may be adjusted from time to time, and the provision of the IPO Financing Service and the Margin Financing Service shall be subject to the terms and conditions of the standard client agreement of Astrum Capital which may be revised from time to time.

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In assessing the fairness and reasonableness of the interest rates charged by the Group to the Pan's Family and the Kwan's Family in respect of IPO Financing Service, we have conducted sample check and reviewed the interest rates charged by the Group to each of (i) the Pan's Family; (ii) the Kwan's Family; and (iii) other customers of the Group who are Independent Third Parties for the IPO Financing Service provided by the Group in respect of 14 IPOs ("**IPO Samples**") during the two years ended 31 December 2021 and the nine months ended 30 September 2022, representing more than 10% of the total number of IPOs of which the Group provided IPO Financing Service during the period which we consider such sample size to be fair and representative. Based on our review of the IPO Samples, we noted that the interest rates offered to the Pan's Family and the Kwan's Family were no more favorable than those offered to Independent Third Parties under the same IPOs applied with similar financing amount.

In assessing the fairness and reasonableness of the interest rates charged by the Group to the Pan's Family and the Kwan's Family in respect of Margin Financing Service, we have reviewed the interest rates charged by the Group for Margin Financing Service provided to all of its customers who maintained their margin accounts with the Group as at 10 November 2022 (the "**Margin List**"), being (i) the Pan's Family; (ii) the Kwan's Family; and (iii) other customers of the Group who are Independent Third Parties. As per discussion with the Management, the Group generally determines the annual interest rate for Margin Financing Service with reference to the prevailing Hong Kong Dollar Best Lending Rate quoted by Hongkong and Shanghai Banking Corporation ("**Base Rate**"), while, on a case-by-case basis, the Group may charge a lower interest rate for its staff and selective clients and a higher interest rate for certain customers with particular financing needs. As such, we have attempted to compare the margin interest rates offered to the Pan's Family and the Kwan's Family against the other customers on the Margin List who are Independent Third Parties who (i) are top-ranked customers in terms of interest income and/or brokerage income attributed to the Group; (ii) possessed good credit history; (iii) established relatively long years of business relationship; and (iv) maintained considerable investment amounts and/or are being offered a margin ratio (which is calculated by dividing the aggregate margin value of investment by the aggregate market value of investment) of at least 40% (the "**Criteria**"), which we consider such Criteria to be comparable to the Pan's Family and the Kwan's Family. Nonetheless, upon enquiry with the Management, we learnt that in view of the overall downtrend and underperformance of the Hong Kong stock market since beginning of 2021 with the Hang Seng Index having slumped by more than 40%, the Company has from time to time received requests or enquiries from a number of its existing clients (including members of the Pan's Family and the Kwan's Family) for downward adjustment of the margin interest rate, and in order to maintain the competitiveness of the Group within the margin financing industry, the Company has been inclined to consider possible adjustment of the margin interest rate offered to its clients and attract new clients. In considering the relevant requests and therefore the level of adjustment, the Company has taken into account various factors including, among others, the years of business relationship with the clients, rankings in terms of interest income and/or brokerage income attributed by the clients, market value and margin value of stock portfolio and credit history of the clients.

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In this connection, in addition to the Criteria, we have included further selection criteria to include the individual or group clients from the Margin List who have placed requests or enquired with the Group on adjustment of margin interest rate (including members of the Pan's Family and the Kwan's Family) and approved by the Group during 2021, and identified the relevant clients for assessment (the "Sample Clients"), which we consider fair and representative samples. We have reviewed the relevant factors including the years of business relationship, rankings and credit history, as well as the average market value and margin value of stock portfolio based on the monthly statements of margin accounts of the Sample Clients and noted that these clients possessed good credit history, established relatively long years of business relationship and maintained considerable investment amounts within their individual or group accounts and/or being offered similar level of margin financing during the financial year immediately prior to the approval. We then compared the adjusted margin interest rates offered to the Pan's Family and the Kwan's Family against those charged to the Sample Clients who are Independent Third Parties. Based on our review, we note that the margin interest rates charged to the Pan's Family and the Kwan's Family were no more favourable than the margin interest rates charged to the Sample Clients who are Independent Third Parties. Further, the margin interest rates charged to the Pan's Family and the Kwan's Family are also substantially consistent with those offered to the Group's employees.

In addition, we have reviewed the latest margin securities account agreement of Astrum Capital ("Client Agreement"), being a standard margin client agreement (as amended from time to time in accordance with the relevant rules and regulations) entered between the margin clients and Astrum Capital. We are advised by the Company that all margin clients who maintained their accounts with Astrum Capital are subject to the same set of terms and conditions as set out in the Client Agreement. Therefore, we consider that the terms of the 2022 Financing Services Agreements, under which the provision of the Margin Financing Service by the Company to the Pan's Family and the Kwan's Family shall also be subject to the same set of terms and conditions as that of the Client Agreement from time to time, are no less favourable to the Group than those offered to other customers of the Group which are Independent Third Parties.

Based on the above and considering that the interest rates charged to the Pan's Family and the Kwan's Family in respect of the IPO Financing Service and Margin Financing Service are no less favourable to the Group than those charged to other customers who are Independent Third Parties, we are of the view that the terms of the 2022 Financing Services Agreements are fair and reasonable.

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3. Proposed Annual Caps under the 2022 Financing Services Agreements

Table 1 below sets out (i) the historical daily maximum amounts of the IPO Financing Service and the Margin Financing Service advanced by the Group to the Pan's Family and the Kwan's Family and the historical amounts of interest income received from the provision of the IPO Financing Service and the Margin Financing Service to the Pan's Family and the Kwan's Family for each of the two years ended 31 December 2021 and the nine months ended 30 September 2022; and (ii) the proposed Annual Caps under the 2022 Mr. Pan Financing Services Agreement (“**Mr. Pan Annual Caps**”) and the 2022 Mr. Kwan Financing Services Agreement (“**Mr. Kwan Annual Caps**”) for the three years ending 31 December 2025.

Table 1: Historical daily maximum amounts of the IPO Financing Service and the Margin Financing Service and amounts of interest income received, and proposed Annual Caps

		For the year ended 31 December 2020		For the year ended 31 December 2021		For the nine months ended 30 September 2022	For the year ending 31 December 2022
		Historical amount	Approved annual cap	Historical amount	Approved annual cap	Historical amount	Approved annual cap
The Pan's Family	Daily maximum amounts of IPO financing <i>(Note)</i>	55,706	80,000	76,995	80,000	2,620	80,000
	Daily maximum amounts of margin financing <i>(Note)</i>	19,821	20,000	19,974	20,000	17,436	20,000
	Total interest income received	1,704	2,300	682	2,300	332	2,300
The Kwan's Family	Daily maximum amounts of IPO financing <i>(Note)</i>	11,462	20,000	15,780	20,000	200	20,000
	Daily maximum amounts of margin financing <i>(Note)</i>	644	1,300	1,020	1,300	259	1,300
	Total interest income received	57	125	60	125	1	125

Note: The daily maximum amounts of IPO financing and margin financing of the Pan's Family and the Kwan's Family represent the total maximum amount of loans advanced to the securities trading accounts held by the Pan's Family and the Kwan's Family for the IPO Financing Services and the Margin Financing Services respectively on a daily basis for each of the two years ended 31 December 2021 and for the nine months ended 30 September 2022 respectively.

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		For the year ending 31 December		
		2023	2024	2025
		HK\$ '000	HK\$ '000	HK\$ '000
IPO Annual Caps <i>(Note)</i>	The Pan's Family	80,000	80,000	80,000
	The Kwan's Family	20,000	20,000	20,000
Margin Annual Caps <i>(Note)</i>	The Pan's Family	20,000	20,000	20,000
	The Kwan's Family	1,300	1,300	1,300
Interest Annual Caps	The Pan's Family	1,000	1,000	1,000
	The Kwan's Family	70	70	70

Notes: The proposed IPO Annual Cap and the proposed Margin Annual Cap of the Pan's Family and the Kwan's Family represent the total maximum amount of loans to be advanced to the securities trading accounts held by the Pan's Family and the Kwan's Family for the IPO Financing Service and the Margin Financing Service respectively on a daily basis for each of the three years ending 31 December 2025 respectively.

3a. Mr. Pan Annual Caps

IPO Annual Caps

As disclosed in the Letter from the Board, the proposed IPO Annual Caps under the 2022 Mr. Pan Financing Services Agreement are determined by the Group and Mr. Pan after taking into account: (i) the historical daily maximum amount of the IPO Financing Service advanced to the Pan's Family by the Group for the two years ended 31 December 2021 and the nine months ended 30 September 2022; and (ii) the prevailing securities market condition of Hong Kong.

As shown in Table 1 above, it is noted that the daily maximum amount of IPO financing utilised by the Pan's Family has increased from HK\$55.71 million for the year ended 31 December 2020 to HK\$77.0 million for the year ended 31 December 2021, representing an increase of approximately 38.22%, while the daily maximum amount of IPO financing utilised by the Pan's Family has decreased significantly to HK\$2.62 million for the nine months ended 30 September 2022, representing a drop of approximately 96.60%. Based on the historical daily maximum amount of IPO financing utilised by the Pan's Family for the two years ended 31 December 2021 and for the nine months ended 30 September 2022, the approved annual caps of IPO financing for each of the year ended 31 December 2020 and 2021 and for the year ending 31 December 2022 had been utilised as to 69.63%, 96.24% and 3.28%, respectively. In view of the low utilisation level of annual cap for the year ending 31 December 2022, we have performed independent search on the overall trend and activities of the IPO market in Hong Kong. According to the "Fact Book 2021" and "Securities and Derivatives Markets Quarterly Report – Third Quarter 2022" published by the Stock Exchange, excluding the transfer of listing from GEM, the number of new listed companies in 2019, 2020, 2021 and the nine months ended 30 September 2022 were 163, 146, 96, and 55 respectively. In particular, the total IPO fund raised amounted to approximately HK\$314.24 billion, HK\$400.14 billion, HK\$331.34 billion and HK\$73.16 billion for 2019, 2020, 2021 and the first nine months of 2022. Further, with reference to the report titled "中國內地及香港 IPO 市場 2022 年第三季度回顧與前景展望" published by Deloitte China, a major accounting firm based in China with research professionals that provide publications, reports and commentaries across various industries, the aggregate IPO financing amount of the top 10 new listed companies with the highest IPO financing amount was only HK\$21.10 billion for the first nine

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months of 2022, representing a sharp decrease of approximately 99.59% from HK\$5,154.0 billion during the corresponding period in 2021. The average scale of fund raised for Mainboard IPOs has also reduced from HK\$1.7 billion for the first nine months of 2021 to HK\$0.63 billion for the first nine months of 2022, representing a decrease of approximately 62.94%. Notwithstanding the significant shrink of fund raised for IPO in the first nine months of 2022, it is noted that the scale of IPO fund raised in Hong Kong has maintained at a stable level in the past years prior to 2022.

Despite the battered stock market during the first three quarters of 2022 due to factors including the heightened inflation in major economies leading to tightening monetary policies of various central banks, concerns over recession which dampened investor sentiment, lockdown measures to contain the outbreak of pandemic in the PRC as well as geopolitical tensions, the market has been fluctuating following anticipations that the PRC government would start to loosen its pandemic policies and the expected slowing pace of raising interest rates by central banks. Given the everchanging market conditions, we are of the view that the Hong Kong financial market remains uncertain in the coming years.

Despite the low utilisation of approved annual cap for IPO financing for the nine months ended 30 September 2022 due to the slowdown in IPO activities and shrink in IPO fund raised during the period, taking into consideration (i) the consecutive high utilisation levels of the approved annual caps for IPO financing during the two years prior to 2022 which reached a maximum of 96.24% in 2021; and (ii) the uncertain market outlook whereby setting the proposed IPO Annual Caps to be equivalent to the existing annual caps would cater any potential demand once the IPO market activities resumed to previous level, we are of the view that the IPO Annual Caps under the 2022 Mr. Pan Financing Services Agreement for the three years ending 31 December 2025 being equivalent to the existing annual caps are fair and reasonable.

Margin Annual Caps

As disclosed in the Letter from the Board, the proposed Margin Annual Caps under the 2022 Mr. Pan Financing Services Agreement are determined by the Group and Mr. Pan after taking into account: (i) the historical daily maximum amount of the Margin Financing Service advanced to the Pan's Family by the Group for the two years ended 31 December 2021 and the nine months ended 30 September 2022; and (ii) the prevailing securities market condition of Hong Kong.

With reference to Table 1, the daily maximum amount of margin financing advanced to the Pan's Family amounted to approximately HK\$19.82 million, HK\$19.97 million and HK\$17.44 million during each of the two years ended 31 December 2021 and the nine months ended 30 September 2022, respectively, representing approximately 99.10%, 99.85% and 87.20% of the respective corresponding existing annual cap of HK\$20 million for each of the two years ended 31 December 2021 and the year ending 31 December 2022. As discussed with the Management, it is the plan of the Pan's Family to maintain the current level of securities trading with margin financing from the Group during the three years ending 31 December 2025.

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Considering that (i) the existing annual caps for the two years ended 31 December 2021 had been substantially utilised; (ii) over 87% of the existing annual cap for the year ending 31 December 2022 had been utilised based on the historical daily maximum amount of margin financing for the nine months ended 30 September 2022; and (iii) it is the intention of the Pan's Family to maintain the current level of securities trading with margin financing from the Group in the coming years, we consider that the Margin Annual Caps under the 2022 Mr. Pan Financing Services Agreement, which are the same as the existing annual caps, are fair and reasonable.

Interest Annual Caps

As disclosed in the Letter from the Board, the proposed Interest Annual Caps under the 2022 Mr. Pan Financing Services Agreement are determined by the Group and Mr. Pan after taking into account: (i) the proposed IPO Annual Caps and the proposed Margin Annual Caps as mentioned above; (ii) the existing interest rates offered by the Group to the Pan's Family in respect of the IPO Financing Service and the Margin Financing Service; (iii) the expected number of days of advance for the IPO Financing Service and the Margin Financing Service; and (iv) the expected increase in the interest rate in Hong Kong in the next three years.

Based on Table 1, we noted that the historical annual interest income received by the Group from the provision of the IPO Financing Service and the Margin Financing Service to the Pan's Family amounted to approximately HK\$1.70 million, HK\$0.68 million and HK\$0.33 million for the two years ended 31 December 2021 and the nine months ended 30 September 2022, representing approximately 73.91%, 29.57% and 14.35% of the respective corresponding existing annual cap of HK\$2.3 million for each of the two years ended 31 December 2021 and the year ending 31 December 2022.

We understand that the total annual interest income expected to be received by the Group from the Pan's Family is equivalent to the aggregate of the estimated IPO financing interest and the estimated margin financing interest, which will be determined based on (i) the expected interest rate to be offered to the Pan's Family in respect of the IPO Financing Service and the Margin Financing Service; (ii) the respective estimated amounts of IPO financing and margin financing provided to the Pan's Family during the year; and (iii) the estimated number of days of advance for the IPO Financing Service and the Margin Financing Service. In this regard, we have obtained and reviewed the breakdown of the expected total annual interest income to be received by the Group for the coming years.

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In arriving at the estimated IPO financing interest, it is assumed that a maximum of 20% of the IPO Annual Cap will be utilised and the IPO financing will be utilised by the Pan's Family for 50% of the total number of days in a year. In this regard, we have reviewed the historical utilisation rates of IPO financing provided by the Group to the Pan's Family and the number of days of such IPO financing actually advanced to the Pan's Family with reference to the daily breakdown of IPO financing provided by the Group to each member of the Pan's Family in 2020, 2021 and for the nine months ended 30 September 2022, and noted that such assumptions are within the range of and at the high end of the level of historical IPO financing provided by the Group to the Pan's Family, which we consider fair and reasonable. The average IPO interest rate is assumed at 2.5%. We have therefore reviewed the IPO financing offered by the Group to all of its customers in 2020, 2021 and for the nine months ended 30 September 2022 and noted that the expected IPO interest rate of 2.5% falls within the range of IPO interest rate from 0% to 4.4% offered by the Group in recent years/period, which we consider to be fair and reasonable. Furthermore, in view of the historical narrow range of IPO interest rates, we consider that it is reasonable to assume the interest rate will remain relatively stable in the coming years, and therefore the determination of the IPO interest rate of 2.5% over the three years ending 31 December 2025 is fair and reasonable.

In arriving at the estimated margin financing interest, it is assumed that a maximum of 90% of the Margin Annual Cap will be utilised and the margin financing will be utilised by the Pan's Family for the whole year. In this regard, we have reviewed the historical utilisation rates of margin financing provided by the Group to the Pan's Family and number of days of such margin financing advanced to the Pan's Family with reference to the daily breakdown of margin financing provided by the Group to each member of the Pan's Family in 2020, 2021 and for the nine months ended 30 September 2022, and noted that such assumptions are generally in line with the historical margin financing provided by the Group to the Pan's Family. On the other hand, we noted that the estimated margin interest rate adopted is based on the existing interest rate charged to the Pan's Family for margin financing and the estimated increase of Base Rate to 6% during the forecast period with reference to the recent accelerated increments of Base Rate from 5% to 5.375% per annum by various major banks in Hong Kong in September and November 2022, which we consider fair and reasonable. In addition, given that the margin interest rate charged by the Group is determined based on the Base Rate which is floating with the market, we have inquired the Management as to any movement of margin interest rate in the past and the extent thereof. Given the adjustment of margin interest rate as discussed in the above section headed "2. Principal terms of the 2022 Financing Services Agreements", we consider that the determination of the expected margin interest rate for the three years ending 31 December 2025, which is based on the existing margin interest rate charged to the Pan's Family and the expected increase of Base Rate which is consistent with the global interest rate hike, is fair and reasonable.

In light of the above, we consider that the Interest Annual Caps under the 2022 Mr. Pan Financing Services Agreement are fair and reasonable.

3b. Mr. Kwan Annual Caps

IPO Annual Caps

As disclosed in the Letter from the Board, the proposed IPO Annual Caps under the 2022 Mr. Kwan Financing Services Agreement are determined by the Group and Mr. Kwan after taking into account: (i) the historical daily maximum amount of the IPO Financing Service advanced to the Kwan's Family by the Group for the two years ended 31 December 2021 and the nine months ended 30 September 2022; and (ii) the prevailing securities market condition of Hong Kong.

As shown in Table 1 above, it is noted that the daily maximum amount of IPO financing utilised by the Kwan's Family has increased from HK\$11.46 million for the year ended 31 December 2020 to HK\$15.78 million for the year ended 31 December 2021, representing an increase of approximately 37.70%, while the daily maximum amount of IPO financing utilised by the Kwan's Family has decreased significantly to HK\$0.2 million for the nine months ended 30 September 2022, representing a drop of approximately 98.73%. Based on the historical daily maximum amount of IPO financing utilised by the Kwan's Family for the two years ended 31 December 2021 and for the nine months ended 30 September 2022, the approved annual caps of IPO financing for each of the year ended 31 December 2020 and 2021 and for the year ending 31 December 2022 had been utilised as to approximately 57.31%, 78.90% and 1%, respectively. As described in the above sub-section headed "3a. Mr Pan Annual Caps – IPO Annual Caps", the drop in utilisation level of IPO financing in 2022 is in line with the sharp decline in size of fund raised from IPO during the same period. The low utilisation level of annual cap for the year ending 31 December 2022 may be resulted from the sudden shrink of IPO fund raised in 2022.

Despite the low utilisation of approved annual cap for IPO financing for the nine months ended 30 September 2022 due to the slowdown in IPO activities and sharp decline in IPO fund raised during the period, taking into consideration (i) the consecutive high utilisation levels of the approved annual caps for IPO financing during the two years prior to 2022 which reached a maximum of 78.90% in 2021; and (ii) the uncertain market outlook whereby setting the proposed IPO Annual Caps to be equivalent to the existing annual caps would cater any potential demand once the IPO market activities resumed to previous level, we are of the view that the IPO Annual Caps under the 2022 Mr. Kwan Financing Services Agreement for the three years ending 31 December 2025 being equivalent to the existing annual caps, are fair and reasonable.

Margin Annual Caps

As disclosed in the Letter from the Board, the proposed Margin Annual Caps under the 2022 Mr. Kwan Financing Services Agreement are determined by the Group and Mr. Kwan after taking into account: (i) the historical daily maximum amount of the Margin Financing Service advanced to the Kwan's Family by the Group for the two years ended 31 December 2021 and the nine months ended 30 September 2022; and (ii) the prevailing securities market condition of Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to Table 1, the daily maximum amount of margin financing advanced to the Kwan's Family amounted to approximately HK\$0.64 million, HK\$1.02 million and HK\$0.26 million during each of the two years ended 31 December 2021 and the nine months ended 30 September 2022, respectively, representing approximately 49.23%, 78.46% and 20% of the respective corresponding existing annual cap of HK\$1.3 million for each of the two years ended 31 December 2021 and the year ending 31 December 2022.

Taking into consideration (i) the historical large fluctuations of the utilisation of the existing annual caps during the two years ended 31 December 2021 and the nine months ended 30 September 2022 which ranged from approximately 20% to 78.46%; (ii) that it is the intention of the Kwan's Family to maintain the current level of securities trading with margin financing from the Group in the coming years; and (iii) setting the proposed Margin Annual Caps to be equivalent to the existing annual caps would cater any potential demand for margin financing from the Kwan's Family in view of the historical utilisation pattern of annual caps for the past years/period, we consider that the Margin Annual Caps under the 2022 Mr. Kwan Financing Services Agreement, which are the same as the existing annual caps, are fair and reasonable.

Interest Annual Caps

As disclosed in the Letter from the Board, the proposed Interest Annual Caps under the 2022 Mr. Kwan Financing Services Agreement are determined by the Group and Mr. Kwan after taking into account: (i) the proposed IPO Annual Caps and the proposed Margin Annual Caps as mentioned above; (ii) the existing interest rates offered by the Group to the Kwan's Family in respect of the IPO Financing Service and the Margin Financing Service; (iii) the expected number of days of advance for the IPO Financing Service and the Margin Financing Service; and (iv) the expected increase in the interest rate in Hong Kong in the next three years.

Based on Table 1, we noted that the historical annual interest income received by the Group from the provision of the IPO Financing Service and the Margin Financing Service to the Kwan's Family amounted to approximately HK\$57,000, HK\$60,000 and HK\$1,000 for the two years ended 31 December 2021 and the nine months ended 30 September 2022, representing approximately 45.60%, 48.0% and 0.8% of the respective corresponding existing annual cap of HK\$125,000 for each of the two years ended 31 December 2021 and the year ending 31 December 2022.

We understand that the total annual interest income expected to be received by the Group from the Kwan's Family is equivalent to the aggregate of the estimated IPO financing interest and the estimated margin financing interest, which will be determined by (i) the estimated interest rate offered to the Kwan's Family in respect of the IPO Financing Service and the Margin Financing Service; (ii) the respective estimated amounts of IPO financing and margin financing provided to the Kwan's Family during the year; and (iii) the estimated number of days of advance for the IPO Financing Service and the Margin Financing Service. In this regard, we have obtained and reviewed the breakdown of the expected total annual interest income to be received by the Group for the coming years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In arriving at the estimated IPO financing interest, it is assumed that a maximum of 35% of the IPO Annual Cap will be utilised and the IPO financing will be utilised by the Kwan's Family for 25% of the total number of days in a year. In this regard, we have reviewed the historical utilisation rates of IPO financing provided by the Group to the Kwan's Family and the number of days of such IPO financing advanced to the Kwan's Family with reference to the daily breakdown of IPO financing provided by the Group to the Kwan's Family in 2020, 2021 and for the nine months ended 30 September 2022, and noted that such assumptions are generally in line with the historical IPO financing provided by the Group to the Kwan's Family. The average IPO interest rate is assumed at 2.5%. As described in the above sub-section headed "3a. Mr. Pan Annual Caps – Interest Annual Caps", we noted that such expected IPO interest rate of 2.5% falls within the range of IPO interest rate offered by the Group in recent years/period, which we consider is fair and reasonable. Furthermore, in view of the narrow range of IPO interest rates over the previous years/period, we consider that it is reasonable to assume the interest rate will remain relatively stable in the coming years and therefore the determination of the IPO interest rate of 2.5% over the three years ending 31 December 2025 is fair and reasonable.

In arriving at the estimated margin financing interest, it is assumed that a maximum of 40% of the Margin Annual Caps will be utilised and the margin financing will be utilised by the Kwan's Family for 90% of the total number of days in a year. In this regard, we have reviewed the historical utilisation rates of margin financing provided by the Group to the Kwan's Family and number of days of such margin financing advanced to the Kwan's Family with reference to the daily breakdown of margin financing provided by the Group to each member of the Kwan's Family in 2020, 2021 and for the nine months ended 30 September 2022, and noted that such assumptions are generally in line with the historical margin financing provided by the Group to the Kwan's Family. On the other hand, we noted that the estimated margin interest rate adopted is based on the existing interest rate charged to the Kwan's Family for margin financing and the estimated increase of Base Rate to 6% during the forecast period with reference to the recent increase of Base Rate from 5% to 5.375% by various major banks in Hong Kong, which we consider fair and reasonable. In addition, given that the margin interest rate charged by the Group is determined based on the Base Rate which is floating with the market, we have inquired the Management as to any movement of margin interest rate in the past and the extent thereof. Given the adjustment of margin interest rate as discussed in the above section headed "2. Principal terms of the 2022 Financing Services Agreements", we consider that the determination of the expected margin interest rate for the three years ending 31 December 2025, which is based on the existing margin interest rate charged to the Kwan's Family and the expected increase of Base Rate which is consistent with the global interest rate hike, is fair and reasonable.

In light of the above, we consider that the Interest Annual Caps under the 2022 Mr. Kwan Financing Services Agreement are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Annual review and internal control of the continuing connected transactions

According to the Letter from the Board, the Company has adopted and will continue to adopt the following internal control and risk management control measures in order to ensure that the transactions under the 2022 Financing Services Agreements are in accordance with the pricing policy and the terms of the 2022 Financing Services Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Details of the relevant internal control and risk management control measures are set out as follows.

- (i) when any member of the Pan's Family and the Kwan's Family opens a margin account in Astrum Capital, the account executive will propose an interest rate for margin financing service which should be comparable to the interest rate offered to other customers of the Group who are Independent Third Parties. The operation department will check whether the proposed interest rate for Margin Financing Service to such member is no less favourable to the Group than the interest rates offered to other customers of the Group who are Independent Third Parties and in accordance with the pricing policy of the Group from time to time;
- (ii) in respect of each IPO financing, the interest rate charged by the Group on the securities trading accounts of the Pan's Family and the Kwan's Family will be the same as other customers of the Group who are Independent Third Parties for the same IPO application;
- (iii) the dealing department is responsible for the close monitoring of the trading transactions of the Pan's Family and the Kwan's Family's securities trading accounts from time to time so as to ensure the amount of the IPO financing and margin financing will not exceed the IPO Annual Caps and the Margin Annual Caps respectively. After trading hours of the Stock Exchange on each trading day, the operation department will review the amount of IPO financing and margin financing of securities trading accounts held by the Pan's Family and the Kwan's Family;
- (iv) the independent non-executive Directors will perform an annual review pursuant to Rule 20.53 of the GEM Listing Rules on whether the transactions contemplated under the 2022 Financing Services Agreements are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the 2022 Financing Services Agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (v) pursuant to Rule 20.54 of the GEM Listing Rules, the auditor of the Company will confirm, amongst other thing, (a) whether the transactions contemplated under the 2022 Financing Services Agreements have been approved by the Board; (b) whether the transactions contemplated under the 2022 Financing Services Agreements are, in all material aspects, in accordance with the pricing policy of the Group; (c) whether the transactions have been entered into, in all material aspects, in accordance with the 2022 Financing Services Agreements; and (d) whether the Annual Caps have been exceeded.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the above measures and in particular, the continuing connected transactions under the 2022 Financing Services Agreements will be subject to annual review of the independent non-executive Directors and the auditors of the Company, we are of the view that appropriate measures will be updated from time to time and will be in place to govern the conduct of the continuing connected transactions and to safeguard the interests of the Independent Shareholders.

RECOMMENDATIONS

Taking into consideration of the principal factors and reasons as set out in this letter, we are of the view that the 2022 Financing Services Agreements have been entered into in the ordinary and usual course of the Group's business based on normal commercial terms, and the terms thereof including the Annual Caps are fair and reasonable so far as the Company and the Shareholders are concerned, and are in the interests of the Company and the 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 ordinary resolutions to be proposed at the EGM to approve the 2022 Financing Services Agreements and the transactions contemplated thereunder (including the Annual Caps).

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 SFO. He has over 20 years of experience in the accounting and investment banking profession.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the 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 or this circular misleading.

2. DISCLOSURE OF INTERESTS

(I) Interests and short positions of the Directors and chief executives of the Company on the Shares, underlying shares and debentures of the Company or any of its associated corporations

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 (the “**Chief Executives**”) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in the Shares and underlying shares of the Company

Name of Director	Capacity/ Nature of interests	Number of Existing Shares held	Number of underlying Existing Shares held (Note 2)	Total	Approximate percentage of shareholding (Note 3)
Mr. Pan	Interest of a controlled corporation/ Beneficial owner	532,685,000 (Note 1)	8,000,000	540,685,000	56.32%
Mr. Kwan	Beneficial owner	–	8,000,000	8,000,000	0.83%

Notes:

- These 532,685,000 Existing 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 Existing Shares held by Autumn Ocean Limited for the purposes of the SFO.
- On 4 January 2021, each of Mr. Pan and Mr. Kwan, the executive Directors, was granted 8,000,000 share options under the share option scheme adopted by the shareholders of the Company on 23 June 2016 at an exercise price of HK\$0.096 per Existing 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 960,000,000 Existing Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, 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.

(II) Interests and short positions of substantial Shareholders in the Shares and underlying shares of the Company

So far as the Directors and the Chief Executives are aware, as at the Latest Practicable Date, 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 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

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

Notes:

- Ms. Liu Ming Lai Lorna is the spouse of Mr. Pan. She is deemed, or taken to be, interested in all the Existing Shares and underlying Existing Shares of the Company in which Mr. Pan is interested for the purposes of the SFO.
- The percentage is calculated on the basis of 960,000,000 Existing Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, 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.

3. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

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

As at the Latest Practicable Date, none of the Directors had any interests, either direct or indirect, in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Company were made up).

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As disclosed in the third quarterly report of the Company for the nine months ended 30 September 2022 (“9M2022”), the Group recorded a net loss of approximately HK\$21.5 million in 9M2022, as compared to that of approximately HK\$12.6 million for the nine months ended 30 September 2021 (“9M2021”). Such increase in net loss was mainly attributable to (a) the significant decrease in revenue from approximately HK\$10.9 million in 9M2021 to approximately HK\$5.9 million in 9M2022; and (b) the recognition of fair value loss of the put and repurchase option relating to investment in an associate of approximately HK\$12.7 million in 9M2022 (9M2021: Nil), which was partially offset by the fair value gain of an unlisted investment fund of approximately HK\$6.8 million in 9M2022 (9M2021: loss of approximately HK\$0.1 million).

Save as disclosed above, the Directors confirm that there has been no material adverse change in the financial or trading position or outlook of the Group for the period commencing from 31 December 2021 (being the date to which the latest audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, substantial Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) had interests in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

7. EXPERT'S QUALIFICATION AND CONSENT

Set out below is the qualification of the expert who has given its opinion or letter of advice in this circular:

Name	Qualification
Lego Corporate Finance Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or opinion or report or reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding 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.

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.astrum-capital.com) for a period of 14 days from the date of this circular:

- (i) the 2022 Mr. Pan Financing Services Agreement; and
- (ii) the 2022 Mr. Kwan Financing Services Agreement.

NOTICE OF EGM



Astrum Financial Holdings Limited

阿仕特朗金融控股有限公司

(formerly known as 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 the extraordinary general meeting (the “**EGM**”) of Astrum Financial Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) to be held at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Monday, 19 December 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the agreement entered into between Astrum Capital Management Limited (“**Astrum Capital**”) and Mr. Pan Chik (“**Mr. Pan**”) dated 28 October 2022 (the “**2022 Mr. Pan Financing Services Agreement**”) (a copy of which is tabled at the EGM marked “A” and initialed by the chairman of the EGM for identification purpose), pursuant to which the Group may provide IPO financing service and/or margin financing service to Mr. Pan and his associates (including his family members and certain private companies controlled by Mr. Pan and his family members but excluding the Group) upon request and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Annual Caps (as defined and detailed in the circular of the Company dated 23 November 2022) as contemplated under the 2022 Mr. Pan Financing Services Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company (the “**Director(s)**”) be and is hereby authorised to do all such acts and things and execute such documents (including the affixation of the common seal of the Company where execution under seal is required) and take all steps which, in his/her opinion deemed necessary, desirable or expedient to implement and/or effect the transactions contemplated under the 2022 Mr. Pan Financing Services Agreement for and on behalf of the Company.”

NOTICE OF EGM

2. **“THAT**

- (a) the agreement entered into between Astrum Capital and Mr. Kwan Chun Yee Hidulf (**“Mr. Kwan”**) dated 28 October 2022 (the **“2022 Mr. Kwan Financing Services Agreement”**) (a copy of which is tabled at the EGM marked “B” and initialed by the chairman of the EGM for identification purpose), pursuant to which the Group may provide IPO financing service and/or margin financing service to Mr. Kwan and his associates upon request and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Annual Caps (as defined and detailed in the circular of the Company dated 23 November 2022) as contemplated under the 2022 Mr. Kwan Financing Services Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one Director be and is hereby authorised to do all such acts and things and execute such documents (including the affixation of the common seal of the Company where execution under seal is required) and take all steps which, in his/her opinion deemed necessary, desirable or expedient to implement and/or effect the transactions contemplated under the 2022 Mr. Kwan Financing Services Agreement for and on behalf of the Company.”

3. **“THAT** subject to and conditional upon the granting of approval by the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) of the listing of, and permission to deal in, the issued shares of the Company consolidated in the manner as set out in paragraph (a) of this resolution below (the **“Share Consolidation”**):

- (a) with effect from the second business day immediately following the date on which this resolution is passed or the above condition is fulfilled (whichever is later):
 - (i) every ten (10) issued and unissued ordinary shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of par value of HK\$0.1 each (each a **“Consolidated Share”**), such Consolidated Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the articles of association of the Company; and
 - (ii) all fractional Consolidated Shares will be disregarded and not issued to the shareholders of the Company but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit for the Company; and

NOTICE OF EGM

- (b) the board of Directors be and is hereby authorised to do all such acts and things and execute all such documents, including under seal where applicable, as it considers necessary, desirable or expedient to give effect to the foregoing arrangement for the Share Consolidation.”

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

23 November 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. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised on its behalf.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the EGM (or any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
4. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at 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 holding the EGM or any adjournment thereof.
5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. The transfer books and register of members of the Company will be closed from Wednesday, 14 December 2022 to Monday, 19 December 2022 (both days inclusive), on which no share transfers will be effected. In order to qualify for attending the EGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 13 December 2022.
7. The voting at the EGM will be taken by poll.
8. A form of proxy for use by shareholders of the Company at the EGM is enclosed.

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

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

This notice will remain on the “Latest Listed Company Information” page of the website of 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).