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ARTA TECHFIN CORPORATION LIMITED

裕承科金有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

DISCLOSEABLE TRANSACTION INVESTMENT UNDER THE IT INFRASTRUCTURE CONTRACTS

On 30 June 2023, ARTA entered into the IT Infrastructure Contracts with the Solution Provider to retain the Solution Provider as technology solution provider to develop and deliver the Deliverables in relation to the Project.

Pursuant to the IT Infrastructure Contracts, the Solution Provider would help ARTA design, build and deploy both front-end and back-end IT infrastructure that supports, among other things, hosting of e-wallets for CBDC, CBDC payment services and making investments with CBDC, incorporating user-onboarding, privacy protection and security features. The development and delivery of the Deliverables under the IT Infrastructure Contracts will be accounted for as an investment for the Company. It is also expected that through such investment, the Group will be equipped with the technical capability to offer technology solutions with financial applications under the Project.

As one or more of the applicable percentage ratios in respect of the investment under the IT Infrastructure Contracts are more than 5% but less than 25%, the transactions contemplated under the IT Infrastructure Contracts constitute a discloseable transaction for the Company and is therefore subject to the announcement requirements but exempt from the shareholders' approval requirements under the Listing Rules.

THE IT INFRASTRUCTURE CONTRACTS

On 30 June 2023, ARTA has entered into the IT Infrastructure Contracts with the Solution Provider to retain the Solution Provider as technology solution provider to develop and deliver the Deliverables in relation to the Project.

The principal terms of the IT Infrastructure Contracts are set out below:

Date

30 June 2023

Parties

- (1) ARTA; and
- (2) the Solution Provider. The Solution Provider is principally engaged in the business as a technology solution provider, with a track record working on other projects awarded by the Hong Kong Monetary Authority and has won various awards with its extensive experience on blockchain and cryptography. ARTA is also retaining the services of specific individuals from the Solution Provider as a business resource to assist ARTA with other aspects of the Project such as regulatory liaison and development of specification for the pilot program. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Solution Provider and its ultimate beneficial owners are third parties independent of, and not connected with the Company and its connected persons.

Scope of work

The Solution Provider has agreed to provide the product and services for the development and delivery of the Deliverables, comprising mainly a proof-of-concept CBDC distributed ledger-based system covering wallets, payment and investment services, incorporating user-onboarding, privacy protection and security features, and associated documentation, based on the requirements and specifications of ARTA.

Consideration, basis of determination and payment terms

The total fees payable by ARTA under the IT Infrastructure Contracts is HK\$7,050,000, which has been determined after arm's-length negotiation among the parties with reference to the specifications of ARTA and the estimated time required for the development and delivery of the Deliverables.

HK\$2,550,000 is payable shortly after signing with the remaining fees payable in two further instalments by reference to the milestones specified in the IT Infrastructure Contracts. The final payment is currently expected to be made by the last quarter of 2023 when the Solution Provider is to deliver the final report in respect of the Project.

The fees payable under the IT Infrastructure Contracts are expected to be accounted for in the Group's financial statements as an investment of the Group. Such fees will be funded out of the proceeds from the issue of the 8% convertible bonds due 2025 in the aggregate principal amount of HK\$40 million by Aurum Strategic Limited convertible into Shares and guaranteed by the Company that was the subject of the Company's announcements dated 17 May 2023 and 30 May 2023.

REASONS FOR AND BENEFITS OF ENTERING INTO THE IT INFRASTRUCTURE CONTRACTS

The Group is principally engaged in (a) global markets business (comprising securities and futures brokerage and investment banking businesses), (b) asset management business, and (c) insurance brokerage business. ARTA is a wholly-owned subsidiary of the Company which principally engages in the development of IT solutions with financial applications.

The Group has been making further investments to add to and improve its IT infrastructure, firmwide hardware and software as well as service and product offering capabilities (e.g. to enable its custodian infrastructure to provide e-currency, other virtual assets and physical asset wallets).

Pursuant to the IT Infrastructure Contracts, the Solution Provider would help ARTA design, build and deploy both front-end and back-end IT infrastructure that supports, among other things, hosting of e-wallets for CBDC, CBDC payment services and making investments with CBDC, incorporating user-onboarding, privacy protection and security features. The same technology solution to be developed under the Project could also be applied to other means of digital payment such as regulated stablecoins and other approved virtual assets which have registered significant demands globally. Further, the digital onboarding solution to be developed under the IT Infrastructure Contracts could supplement and potentially replace the current onboarding workflow by licensed corporations to implement know-your-client, anti-money laundering and client suitability procedures, saving human resources and future technology development costs.

Having taken into account, among other things, the benefits that can accrue to the Group through its investment under the IT Infrastructure Contracts and the terms of the IT Infrastructure Contracts, the Board (including the Independent Non-executive Directors) considers the IT Infrastructure Contracts and the transactions contemplated thereunder to be on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the investment under the IT Infrastructure Contracts are more than 5% but less than 25%, the transactions contemplated under the IT Infrastructure Contracts constitute a discloseable transaction for the Company and is therefore subject to the announcement requirements but exempt from the shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“ARTA”	ARTA-Emali HK Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“CBDC”	central bank digital currency
“Company”	Arta TechFin Corporation Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 279)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deliverable(s)”	the deliverables to be developed and delivered to ARTA under the IT Infrastructure Contracts, information of which is further described in the section headed “The IT Infrastructure Contracts – Scope of work”
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“IT Infrastructure Contracts”	a master service agreement as supplemented by a scope of work supplement both dated 30 June 2023 and entered into between ARTA and the Solution Provider in respect of ARTA’s appointment of the Solution Provider as technology solution provider to develop and deliver the Deliverables in relation to the Project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project”	a proof of concept project covering cash management use cases involving CBDC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Solution Provider”	Emali Limited, a company incorporated in Hong Kong with limited liability, information of which is further described in the section headed “The IT Infrastructure Contracts – Parties”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board of
Arta TechFin Corporation Limited
Lau Fu Wing, Eddie
Chief Executive Officer

Hong Kong, 30 June 2023

As at the date of this announcement, the Board of the Company comprises Dr. Cheng Chi-Kong, Adrian JP (Chairman) and Mr. Han Kam Leung, Michael as Non-executive Directors, Mr. Lau Fu Wing, Eddie (Chief Executive Officer), Ms. Li Chuchu, Tracy (Deputy Chief Financial Officer) and Ms. Yeung Shuet Fan Pamela (Chief Financial Officer) as Executive Directors, and Ms. Ling Kit Sum Imma, Mr. Lo Chun Yu Toby and Dr. Tam Lai Fan Gloria as Independent Non-executive Directors.