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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)

CONNECTED TRANSACTIONS

On 28 May 2024, Arta Asset Management entered into the Sub-IMA dated 28 May 2024 with Avantua pursuant to which Arta Asset Management is to provide investment management services to Avantua subject to its directions during the period from the date of the Sub-IMA to 30 June 2024 (both days inclusive).

Listing Rules Implications

As at the date of this announcement, Dr. Cheng is the ultimate beneficial owner of Radiant Alliance Limited, which holds 14,011,317,504 Shares, representing approximately 73.19% of the total issued Shares. Furthermore, Dr. Cheng and his associates have a majority interest in Avantua. Therefore, Avantua is an associate of Dr. Cheng and a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Sub-IMA constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under the Listing Rules for the total service fee payable under the Sub-IMA is less than 25% and the total consideration is less than HK\$10 million, the transaction contemplated under the Sub-IMA is subject only to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 28 May 2024, Arta Asset Management, a wholly-owned subsidiary of the Company, entered into the Sub-IMA with Avantua, pursuant to which Arta Asset Management would provide investment management services to Avantua, the key commercial terms of which are described below:

- Parties:
- (i) Avantua (as client). Avantua is licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities.
 - (ii) Arta Asset Management (as sub-investment manager). Arta Asset Management is licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities.
- Term: A term commencing from the date of the Sub-IMA and ending on 30 June 2024 (both days inclusive).
- Scope of services: Arta Asset Management is to provide investment management services to Avantua subject to its directions in relation to certain assets held by Avantua.
- Service fee and Payment: A fixed sub-management fee of HK\$750,000, payable by Avantua to Arta Asset Management within 10 business days of the presentation of an invoice by Arta Asset Management to Avantua.
- Termination: Either party may terminate the Sub-IMA by giving not less than seven days' written notice. Under certain circumstances (including but not limited to either party committing a material breach of the terms of the Sub-IMA and either party going into liquidation), the other party may terminate the Sub-IMA at any time by immediate written notice.

The terms of the Sub-IMA (including the service fee) were determined after arm's length negotiations between Arta Asset Management and Avantua. In pricing its services, Arta Asset Management took into account the size of the investment portfolio of Avantua in respect of which it is to provide sub-investment management services, the ad hoc research and management services in respect of potential investment opportunities and the resources it would need to dedicate in serving Avantua.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUB-IMA

The Company is an investment holding company. A number of its subsidiaries are licensed by the SFC to engage in regulated activities under the SFO. The Group is principally engaged in the financial services sector with the capability to provide a full suite of SFO regulated services, including securities and futures brokerage, placing, underwriting, corporate advisory, margin financing services, asset management services, investment advisory services and insurance brokerage services.

The Sub-IMA will enable the Group to provide investment management services to Avantua on normal commercial terms, in line with the business strategy and as part of the Group's overall effort to develop its businesses in the challenging operating environment in which the Hong Kong financial services market is generally facing.

Taking into account the above and the terms of the Sub-IMA, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sub-IMA are fair and reasonable and are on normal commercial terms and the entering into of the same as in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Cheng is the ultimate beneficial owner of Radiant Alliance Limited, which holds 14,011,317,504 Shares, representing approximately 73.19% of the total issued Shares. Furthermore, Dr. Cheng and his associates have a majority interest in Avantua. Therefore, Avantua is an associate of Dr. Cheng and a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Sub-IMA constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under the Listing Rules for the total service fees payable under the Sub-IMA are less than 25% and the total consideration is less than HK\$10 million, the transaction contemplated under the Sub-IMA is subject only to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Avantua is licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Its ultimate beneficial owner is Dr. Cheng.

Given Dr. Cheng's shareholding in the Company and his majority interest in Avantua as disclosed above, Dr. Cheng has a material interest in the Sub-IMA. In addition, Mr. Xu Hao, an executive Director, is indirectly interested in Avantua. Both Dr. Cheng and Mr. Xu Hao have abstained from voting on the Board resolutions in relation to the entering into the Sub-IMA and the transaction contemplated thereunder.

No other Director has any material interest in the Sub-IMA, or is required to abstain from voting on the Board resolutions in relation to the same under the Listing Rules.

DEFINITIONS

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

“Arta Asset Management”	Arta Asset Management Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Avantua”	Avantua Capital Management Limited, a company incorporated in Hong Kong with limited liability
“Board”	the board of Directors
“Company”	Arta TechFin Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 279)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	Director(s) of the Company
“Dr. Cheng”	Dr. Cheng Chi-Kong, Adrian <i>SBS, JP</i>
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-IMA”	the sub-investment management agreement dated 28 May 2024 entered into between Avantua and Arta Asset Management
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board of
Arta TechFin Corporation Limited
Xu Hao
Chief Executive Officer

Hong Kong, 28 May 2024

As at the date of this announcement, the Board of the Company comprises Dr. Cheng Chi-Kong, Adrian SBS, JP (Chairman) and Mr. Han Kam Leung, Michael as Non-executive Directors, Mr. Xu Hao (Chief Executive Officer) and Ms. Li Chuchu, Tracy (Chief Financial Officer) as Executive Directors, and Ms. Ling Kit Sum Imma, Dr. Tam Lai Fan Gloria and Mr. Zhang Guangying as Independent Non-executive Directors.