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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)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

### ANNUAL RESULTS

The Board of Directors (the “Board”) of Arta TechFin Corporation Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2024 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>REVENUE</b>	<i>4</i>	<b>23,329</b>	12,792
Other income and gains, net	<i>4</i>	<b>4,513</b>	1,665
<b>Revenue and other income and gains</b>		<b>27,842</b>	14,457
<b>Operating expenses</b>			
Employee benefit expenses		<b>(38,579)</b>	(54,815)
Consultancy, legal and professional fees		<b>(8,335)</b>	(12,256)
Information technology and maintenance expenses		<b>(14,378)</b>	(4,734)
Fair value losses on financial asset and investments at fair value through profit or loss (“FVTPL”), net		<b>(1,533)</b>	(405)
Provision for impairment loss of accounts receivable, net	<i>11</i>	<b>(322)</b>	(2,973)
Provision for impairment loss of a loan receivable	<i>10</i>	<b>(1,338)</b>	(475)

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Provision for impairment loss of deposits and other receivables		<b>(50)</b>	(357)
Other operating expenses		<b>(13,882)</b>	(17,540)
		<b>(78,417)</b>	(93,555)
<b>EBITDA</b> ( <i>note</i> )		<b>(50,575)</b>	(79,098)
Depreciation and amortisation	5	<b>(4,450)</b>	(6,717)
<b>Operating loss</b>		<b>(55,025)</b>	(85,815)
Finance costs	6	<b>(7,916)</b>	(4,095)
<b>Loss before tax</b>	5	<b>(62,941)</b>	(89,910)
Income tax credit	7	<b>20</b>	–
<b>LOSS FOR THE YEAR</b>		<b>(62,921)</b>	(89,910)
Attributable to:			
Shareholders of the Company (the “Shareholders”)		<b>(63,838)</b>	(89,915)
Perpetual loans holder		<b>917</b>	–
Non-controlling interests		–	5
		<b>(62,921)</b>	(89,910)
<b>LOSS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS</b>	8		
Basic		<b>(HK0.3 cents)</b>	(HK0.5 cents)
Diluted		<b>(HK0.3 cents)</b>	(HK0.5 cents)

*Note:* EBITDA is defined as loss before interest expenses and finance costs, taxation, depreciation and amortisation.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>LOSS FOR THE YEAR</b>	<b><u>(62,921)</u></b>	<b><u>(89,910)</u></b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in investment revaluation reserve (non-recycling)	<u>(3,667)</u>	–
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b><u>(3,667)</u></b>	<b><u>–</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b><u>(66,588)</u></b>	<b><u>(89,910)</u></b>
Attributable to:		
Shareholders	(67,505)	(89,915)
Perpetual loans holder	917	–
Non-controlling interests	<u>–</u>	<u>5</u>
	<b><u>(66,588)</u></b>	<b><u>(89,910)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>5,725</b>	9,098
Goodwill		<b>1,505</b>	1,505
Other intangible assets		<b>19,658</b>	19,858
Deposits		<b>1,929</b>	4,408
Financial asset at FVOCI		<b>254</b>	3,921
Financial asset at FVTPL		<b>–</b>	1,533
Total non-current assets		<b>29,071</b>	40,323
<b>CURRENT ASSETS</b>			
Loan receivable	<i>10</i>	<b>5,000</b>	5,375
Accounts receivable	<i>11</i>	<b>2,975</b>	1,270
Prepayments, deposits and other receivables		<b>3,091</b>	5,114
Investments at FVTPL		<b>1,234</b>	34
Cash and bank balances		<b>89,505</b>	65,366
Total current assets		<b>101,805</b>	77,159
<b>CURRENT LIABILITIES</b>			
Accounts payable	<i>12</i>	<b>2,100</b>	371
Other payables and accruals	<i>13</i>	<b>11,541</b>	14,224
Borrowing	<i>14</i>	<b>–</b>	30,000
Lease liabilities		<b>–</b>	2,619
Tax payable		<b>–</b>	1
Total current liabilities		<b>13,641</b>	47,215
<b>Net current assets</b>		<b>88,164</b>	29,944
<b>Total assets less current liabilities</b>		<b>117,235</b>	70,267

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	<i>14</i>	<b>37,864</b>	34,057
Deferred tax liability		<b>2,542</b>	2,561
		<hr/>	<hr/>
Total non-current liabilities		<b>40,406</b>	36,618
		<hr/>	<hr/>
<b>Net assets</b>		<b>76,829</b>	33,649
		<hr/>	<hr/>
<b>EQUITY</b>			
Issued capital		<b>191,432</b>	191,432
Reserves		<b>(221,346)</b>	(157,783)
		<hr/>	<hr/>
Equity attributable to the Shareholders		<b>(29,914)</b>	33,649
Equity attributable to the immediate holding company in respect of a perpetual convertible instrument		<b>35,826</b>	–
Equity attributable to the immediate holding company in respect of perpetual loans		<b>70,917</b>	–
		<hr/>	<hr/>
<b>Total equity</b>		<b>76,829</b>	33,649
		<hr/>	<hr/>

## 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial asset at FVOCI, financial asset at FVTPL and investments at FVTPL which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except where otherwise indicated.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied, for the first time, the following new and amendments to HKFRSs issued by HKICPA, which are mandatorily effective for the Group’s reporting period beginning on or after 1 April 2023:

HKFRS 17 and Related Amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the above new and amendments to HKFRSs in the current year has no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet mandatorily effective for the current accounting period.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has reportable operating segments as follows:

- (a) global markets business segment composes of brokerage operations including (i) securities and futures brokerage and margin financing operations; (ii) placing, in both equity capital market and debt capital market, and underwriting; and (iii) provision of advisory service for private structured finance transactions and mergers and acquisitions;
- (b) asset management business segment offers traditional asset management products and services, including investment advisory services, portfolio management services and transaction execution services, to professional and institutional investors; and
- (c) insurance brokerage business segment engages in insurance brokerage business and the provision of wealth management planning and related services.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Company that makes strategic decisions.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax except that bank and other interest income (excluding interest income from the provision of finance and margin financing), finance costs as well as head office and corporate expenses are excluded from such measurement.

Intersegment transactions are made with reference to the prices used for services made to independent third parties at the then prevailing market prices.

No analysis of the Group's assets and liabilities by operating segments was provided to the management for review during the years ended 31 March 2024 and 2023 for the purposes of resources allocation and performance assessment.

#### Year ended 31 March 2024

	Global markets business <i>HK\$'000</i>	Asset management business <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Revenue from external customers	9,967	12,265	1,097	23,329
Intersegment revenue ( <i>note</i> )	–	–	300	300
	<u>9,967</u>	<u>12,265</u>	<u>1,397</u>	<u>23,629</u>
<i>Reconciliation:</i>				
Elimination of intersegment revenue				<u>(300)</u>
Total revenue				<u>23,329</u>
<b>Segment results:</b>	(1,055)	6,137	698	5,780
<i>Reconciliation:</i>				
Bank interest income				1,403
Other interest income				108
Corporate and other unallocated expenses				(62,316)
Finance costs				<u>(7,916)</u>
Loss before tax				<u>(62,941)</u>
<b>Other segment information:</b>				
Provision for impairment loss of accounts receivable, net	(148)	(31)	(143)	(322)
Provision for impairment loss of deposits and other receivables	–	–	(50)	(50)
Provision for impairment loss of a loan receivable				
– unallocated				(1,338)
Fair value losses on financial asset and investments at FVTPL, net	(1,533)	–	–	(1,533)
Depreciation and amortisation				
– operating segment	(119)	(4,051)	–	(4,170)
– unallocated				(280)
				<u>(4,450)</u>

*Note:* Elimination of intersegment revenue represents elimination of insurance brokerage transactions.

Year ended 31 March 2023

	Global markets business <i>HK\$'000</i>	Asset management business <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Revenue from external customers	10,143	167	2,482	12,792
Intersegment revenue ( <i>note</i> )	–	–	394	394
	10,143	167	2,876	13,186
<i>Reconciliation:</i>				
Elimination of intersegment revenue				(394)
Total revenue				<u>12,792</u>
<b>Segment results:</b>				
	(10,083)	(4,653)	769	(13,967)
<i>Reconciliation:</i>				
Bank interest income				246
Other interest income				58
Corporate and other unallocated expenses				(72,152)
Finance costs				<u>(4,095)</u>
Loss before tax				<u>(89,910)</u>
<b>Other segment information:</b>				
(Provision)/reversal of provision for impairment loss of accounts receivable, net	67	(3,039)	(1)	(2,973)
Provision for impairment loss of deposits and other receivables	–	(357)	–	(357)
Provision for impairment loss of a loan receivable				
– unallocated				(475)
Fair value losses on financial asset and investments at FVTPL, net	(405)	–	–	(405)
Depreciation and amortisation				
– operating segment	(2,788)	(3,878)	–	(6,666)
– unallocated				(51)
				<u>(6,717)</u>

*Note:* Elimination of intersegment revenue represents elimination of insurance brokerage transactions.



## Geographical information

### (a) Revenue from external customers

	2024 HK\$'000	2023 HK\$'000
Hong Kong	<u>23,329</u>	<u>12,792</u>

The geographic location of revenue from external customers is based on the location of the customers at which the services are rendered.

### (b) Non-current assets

The geographic location of the non-current assets (excluding financial instruments) is based on the location of the operations to which they are allocated.

At 31 March 2024 and 2023, non-current assets (excluding financial instruments) of approximately HK\$26,888,000 and HK\$30,461,000 were located in Hong Kong, respectively.

## Information about major customers

Included in revenue arising from major customers who individually accounted for over 10% of the Group's revenue for the year:

	2024 HK\$'000	2023 HK\$'000
Customer A	–	1,409
Customer B	–	3,300
Customer C	–	1,652
Customer D	–	1,458
Customer E	10,140	–
Customer F	<u>3,450</u>	<u>–</u>

All revenue arising from Customers A, B, C, 22% of the revenue from Customer D was derived from provision of global markets business and 78% of the revenue from Customer D was derived from provision of insurance brokerage business during the year ended 31 March 2023. During the year ended 31 March 2024, 46% of the revenue from Customer E is derived from provision of global markets business and 54% of the revenue is derived from provision of asset management business. All revenue from Customer F is derived from provision of asset management business.

The Group's dividend income is excluded from total revenue for the purpose of identifying major customers of the Group who accounted for over 10% of the Group's revenue.

#### 4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents income from placing and underwriting services; income from insurance brokerage; income from marketing and management services; commission and brokerage income from securities and futures dealings; interest income on margin financing activities; income from asset management and advisory services; dividend income from investments at FVTPL; and income from custodian business.

An analysis of revenue, other income and gains, net was as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Placing and underwriting income	9,630	7,095
Commission and brokerage income from securities and future dealings	305	857
Insurance brokerage income	1,097	2,482
Asset management and advisory fee income	12,265	167
Marketing and management fee income	–	1,652
Custodian business fee income	6	2
	<u>23,303</u>	<u>12,255</u>
<b>Revenue from other sources</b>		
Interest income on margin financing activities	26	497
Dividend income from investments at FVTPL	–	40
	<u>26</u>	<u>537</u>
<b>Total revenue</b>	<u>23,329</u>	<u>12,792</u>
<b>Other income and gains, net</b>		
Bank interest income	1,403	246
Other interest income	108	58
Dividend handling charge and other surcharges	391	278
Fair value gains/(losses) from the sale of investments at FVTPL, net ( <i>note a</i> )	801	(292)
Government grants ( <i>note b</i> )	–	1,114
Gain on disposal of items of property, plant and equipment, net	–	32
Gain on disposal of a subsidiary ( <i>note 15</i> )	500	–
Others ( <i>note c</i> )	1,310	229
	<u>4,513</u>	<u>1,665</u>
<b>Total other income and gains, net</b>	<u>4,513</u>	<u>1,665</u>
<b>Total</b>	<u>27,842</u>	<u>14,457</u>
<b>Timing of revenue recognition</b>		
At a point in time	22,260	12,088
Transferred over time	43	167
	<u>23,303</u>	<u>12,255</u>

Notes:

- (a) The gross proceeds from the sale of listed shares included in investments at FVTPL for the year were nil (2023: HK\$1,194,000).
- (b) There were no unfulfilled conditions or contingencies relating to these grants.
- (c) Others mainly included waiver of information technology and maintenance expenses of approximately HK\$523,000 and sponsorship income on a marketing event of approximately HK\$154,000.

## 5. LOSS BEFORE TAX

The Group's loss before tax was arrived at after charging/(crediting):

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Employee benefit expenses (excluding directors' remuneration):			
Salaries and allowances		<b>29,459</b>	44,219
Retirement benefit scheme contributions (defined contribution scheme) ( <i>note a</i> )		<b>593</b>	1,022
		<b>30,052</b>	45,241
Auditor's remuneration		<b>1,692</b>	1,774
Depreciation – property, plant and equipment		<b>2,100</b>	1,464
Depreciation – right-of-use asset		<b>2,150</b>	4,815
Amortisation		<b>200</b>	438
Research and development costs ( <i>note b</i> )		–	331
Provision for impairment loss of a loan receivable	<i>10</i>	<b>1,338</b>	475
Provision for impairment loss of accounts receivable, net	<i>11</i>	<b>322</b>	2,973
Provision for impairment loss of deposits and other receivables		<b>50</b>	357

Notes:

- (a) At 31 March 2024, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2023: Nil).
- (b) This item was included in “other operating expenses” for the year ended 31 March 2023 in the consolidated statement of profit or loss.

## 6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interests on borrowings ( <i>note</i> )	7,758	3,470
Interests on lease liabilities	158	625
	<u>7,916</u>	<u>4,095</u>

*Note:* Interests on borrowings included imputed interests of HK\$1,770,000 and HK\$4,206,000 (2023: HK\$1,674,000 and Nil) on a convertible loan from the immediate holding company and convertible bonds from an independent bond subscriber respectively.

## 7. INCOME TAX CREDIT

	2024 HK\$'000	2023 HK\$'000
Current		
Over provision in prior years		
– Hong Kong	1	–
Deferred tax – reversal of temporary differences	19	–
	<u>20</u>	<u>–</u>
Total income tax credit for the year	<u>20</u>	<u>–</u>

## 8. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

### (a) Basic loss per share

The calculation of the basic loss per share is based on the loss for the year attributable to the Shareholders of HK\$63,838,000 (2023: HK\$89,915,000), and the weighted average number of ordinary shares of 19,143,179,800 (2023: 18,779,812,450) in issue during the year.

The calculation of weighted average number of ordinary shares at the end of the reporting period was as follows:

	2024	2023
<b>Number of shares</b>		
Issued ordinary shares at beginning of year	19,143,179,800	18,681,761,880
Effect of issue of new shares	–	98,050,570
	<u>19,143,179,800</u>	<u>18,779,812,450</u>
Weighted average number of ordinary shares at end of year	<u>19,143,179,800</u>	<u>18,779,812,450</u>

### (b) Diluted loss per share

The calculation of the diluted loss per share is based on the loss for the year attributable to the Shareholders of HK\$63,838,000 (2023: HK\$89,915,000), and the weighted average number of ordinary shares of 19,143,179,800 (2023: 18,779,812,450) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the years ended 31 March 2024 and 2023 in respect of a dilution. The calculation of diluted loss per share for the years ended 31 March 2024 and 2023 does not assume the exercise of the Company's outstanding convertible instruments as they had an anti-dilutive effect on the basic loss per share.

## 9. DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 March 2024 (2023: Nil).

## 10. LOAN RECEIVABLE

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan receivable	<b>5,000</b>	5,850
Less: Provision for impairment loss	<u>–</u>	<u>(475)</u>
	<b><u>5,000</u></b>	<b><u>5,375</u></b>

The loan receivable as at 31 March 2024 was unsecured, bearing interests at 9% per annum and repayable on 29 May 2024 (2023: unsecured, interest-free and had no fixed repayment terms). The loan was fully settled subsequent to the reporting period.

Loan receivable, determined based on its age since the effective draw down date of the loan, was aged within 30 days, at 31 March 2024 (2023: 181 to 365 days).

### 2024

	<b>Stage 1</b> <i>HK\$'000</i>	<b>Stage 2</b> <i>HK\$'000</i>	<b>Stage 3</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At beginning of year</b>	<b>475</b>	–	–	<b>475</b>
<b>Provision for impairment loss</b>	<b>1,338</b>	–	–	<b>1,338</b>
<b>Uncollectible amount written off</b>	<b>(1,813)</b>	–	–	<b>(1,813)</b>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>ECL rate</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### 2023

	<b>Stage 1</b> <i>HK\$'000</i>	<b>Stage 2</b> <i>HK\$'000</i>	<b>Stage 3</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At beginning of year	–	–	–	–
Provision for impairment loss	<u>475</u>	<u>–</u>	<u>–</u>	<u>475</u>
At end of year	<b><u>475</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>475</u></b>
ECL rate	8%	N/A	N/A	8%

Loan receivable of approximately HK\$1,813,000 (2023: Nil) which was determined as uncollectible by the management was written off during the year ended 31 March 2024.

## 11. ACCOUNTS RECEIVABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of:		
– Global markets business:		
Securities brokerage business		
Margin clients	14	6
Clearing houses	7	49
Advisory business	1,897	36
Futures brokerage business	–	2
Others	313	–
– Asset management business	501	26
– Insurance brokerage business	571	1,157
	<u>3,303</u>	<u>1,276</u>
Less: Provision for impairment loss	(328)	(6)
	<u>2,975</u>	<u>1,270</u>

At 1 April 2022, 31 March 2023 and 31 March 2024, accounts receivable from contracts with customers amounted to approximately HK\$4,354,000, HK\$1,215,000 and HK\$2,955,000 respectively.

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two trading days after the trade date except for the balances with margin clients which are repayable on demand or according to agreed repayment schedules, and bearing interest ranging from 7.83% to 12.50% per annum at 31 March 2024 (2023: 6.83% to 19.33% per annum). The settlement terms of accounts receivable attributable to dealing in futures transactions are repayable on demand and generally up to 12 months. Except for dealing in securities and futures transactions, the trading terms with customers of global markets business, asset management business and insurance brokerage business are mainly on credit. The credit period for customers of global markets business and insurance brokerage business are generally 30 days, extended up to 90 days for major customers. The credit period for customers of asset management business is generally 30 days, extended up to 60 days for certain customers.

An ageing analysis of the accounts receivable at the end of the reporting period, based on the trade date, was as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	3,094	142
Between 91 to 180 days	81	488
Between 181 to 365 days	30	–
Over one year	98	646
	<u>3,303</u>	<u>1,276</u>

At 31 March 2024, except for margin loans receivable of HK\$14,000 (2023: HK\$6,000), which was secured by underlying equity securities amounted to approximately HK\$481,000 (2023: HK\$843,000), the Group did not hold any collateral or other credit enhancements over these balances.

The movements in the provision for impairment loss of accounts receivable are as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of year	<b>6</b>	73
Provision for impairment loss	<b>322</b>	2,973
Uncollectible amounts written off ( <i>note</i> )	<u>–</u>	<u>(3,040)</u>
At end of year	<b><u>328</u></b>	<b><u>6</u></b>

*Note:* Accounts receivable in relation to advisory business of HK\$3,040,000, which was not subject to enforcement activity, was determined as uncollectible and was written off against accounts receivable during the year ended 31 March 2023.

## 12. ACCOUNTS PAYABLE

The balances at 31 March 2024 and 2023, based on the trade date, were all aged within 90 days.

## 13. OTHER PAYABLES AND ACCRUALS

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accrued expenses	<b>11,196</b>	14,142
Interest payables	–	18
Other payables	<u>345</u>	<u>64</u>
	<b><u>11,541</u></b>	<b><u>14,224</u></b>

## 14. BORROWINGS

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Current:</b>		
Bank borrowing, unsecured	<u>–</u>	<u>30,000</u>
<b>Non-current:</b>		
Borrowing from the immediate holding company, unsecured ( <i>note</i> )	–	34,057
Other borrowing, unsecured	<u>37,864</u>	<u>–</u>
Total borrowings	<b><u>37,864</u></b>	<b><u>64,057</u></b>

*Note:* On 30 September 2023, the Company obtained a deed of confirmation from the immediate holding company confirming that the Company shall have the sole discretion to determine the repayment date of the convertible borrowing. Therefore, the fair value of the liability component of approximately HK\$35,826,000 was reclassified into equity in the consolidated statement of financial position from the date of the deed of confirmation.

## 15. DISPOSAL OF A SUBSIDIARY

On 21 December 2023, the Company entered into a sale and purchase agreement (the “S&P Agreement”) with GSC Limited, an independent third party, pursuant to which the Company conditionally agreed to sell the entire issued shares of Freeman Prestige Wealth Management Limited (“FPWML”), a direct wholly-owned subsidiary of the Company at a cash consideration of approximately HK\$825,000 subject to the terms and conditions of the S&P Agreement (the “FPWML Disposal”).

The FPWML Disposal was completed on 22 December 2023. Upon disposal, FPWML ceased to be a subsidiary of the Company and the financial results of FPWML were no longer be consolidated into the financial results of the Group after the disposal date. Details of the FPWML Disposal were set out in the announcement of the Company dated 21 December 2023.

The net assets of FPWML at the date of disposal were as follows:

	<i>HK\$'000</i>
An analysis of assets and liabilities over which control were lost:	
Bank balances	325
	<hr/>
Net assets disposed of	325
	<hr/>
Gain on disposal of a subsidiary:	
Consideration received	825
Net assets disposed of	(325)
	<hr/>
Gain on disposal of a subsidiary recognised in profit or loss	500
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration	825
Less: bank balances disposed of	(325)
	<hr/>
	500
	<hr/>



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

#### Liquidity, financial resources and capital structure

At 31 March 2024, the Group had total assets, net current assets and net assets of approximately HK\$131 million (2023: HK\$117 million), approximately HK\$88 million (2023: HK\$30 million) and approximately HK\$77 million (2023: HK\$34 million) respectively, and cash and bank balances of approximately HK\$90 million (2023: HK\$65 million). The current ratio (current assets/current liabilities) was 7.46 (2023: 1.63). The Group had unsecured convertible bonds in the principal amount of HK\$40 million (“Convertible Bonds”) at 31 March 2024 (2023: Nil). Gearing ratio, calculated on the basis of the Group’s borrowings divided by total equity was 49.3% at 31 March 2024 (2023: 190.4%).

Borrowing costs of approximately HK\$4 million, approximately HK\$2 million and approximately HK\$2 million included in finance costs of approximately HK\$8 million for the year ended 31 March 2024 were incurred on the issuance of the Convertible Bonds, borrowings from the immediate holding company and an external bank borrowing respectively. Total finance costs for the year increased by 93.3% as compared to the corresponding period in 2023 of approximately HK\$4 million. The Group’s funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollar and US dollar. As Hong Kong dollar is pegged to US dollar, the foreign exchange risk exposures are considered limited. The Group did not have any financial instruments used for hedging purpose.

#### Financial Performance

<b>For the year ended 31 March</b>	<b>2024</b>	<b>2023</b>	<b>Increase/ (decrease)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	
Consolidated turnover	<b>23,329</b>	12,792	82.4%
Operating expenses	<b>78,417</b>	93,555	(16.2)%
Consolidated net loss	<b>62,921</b>	89,910	(30.0)%

For the year ended 31 March 2024, the Group’s consolidated revenue increased to approximately HK\$23 million as a result of the significant improved performance of the asset management business.

Operating expenses, amounted to approximately HK\$78 million, decreased by 16.2% (2023: HK\$94 million) as compared to the corresponding period in 2023. Total employee benefit expenses (including directors' remuneration) amounted to approximately HK\$39 million for the year ended 31 March 2024 (2023: HK\$55 million). Consultancy, legal and professional fees amounted to approximately HK\$8 million (2023: HK\$12 million) were incurred for the year mainly for hiring of external legal consultants to deal with certain legal and regulatory requirements and operational matters.

The Group recorded a consolidated net loss attributable to the Shareholders for the year ended 31 March 2024 of approximately HK\$64 million (2023: HK\$90 million), primarily due to the combined effect of, inter alia, (i) increase in revenue and other income by approximately HK\$13 million; (ii) decrease in provision for impairment loss of accounts receivable by approximately HK\$3 million; (iii) reduction of employee benefit expenses by approximately HK\$16 million; (iv) reduction of consultancy, legal and professional fees by approximately HK\$4 million and (v) reduction of other operating expenses by approximately HK\$4 million, effect of which was partially set off by increase in information technology and maintenance expenses by approximately HK\$10 million and increase in finance costs by approximately HK\$4 million for the year. Basic and diluted loss per share were approximately HK0.33 cents (2023: HK0.50 cents).

### Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

### Business Review

Our business is organised into three segments: (1) global markets business, which includes our brokerage and investment banking businesses; (2) asset management business; and (3) insurance brokerage business.

### For the year ended 31 March

<b>Segmental revenue</b>	<b>2024</b>	2023	(Decrease)/ increase
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Global markets business	<b>9,967</b>	10,143	(1.7)%
Asset management business	<b>12,265</b>	167	7,244.3%
Insurance brokerage business	<b>1,097</b>	2,482	(55.8)%
	<hr/>	<hr/>	
Total revenue	<b>23,329</b>	12,792	82.4%
	<hr/>	<hr/>	

## **Global Markets Business**

Our global markets business offers investment banking services, (including but not limited to mergers and acquisitions advisory, financial advisory, placing and underwriting business structured financing) and execution and prime brokerage services in both digital and traditional assets. The business remained stable during the year ended 31 March 2024 and its revenue decreased slightly by approximately 1.7% to approximately HK\$10.0 million from approximately HK\$10.1 million in 2023.

## **Asset Management Business**

Our asset management business offers a full spectrum of asset management products and services, including investment advisory, portfolio management, and transaction execution, to professional and institutional investors. The business experienced tremendous growth in its client base and assets under management through organic expansions. During the year ended 31 March 2024, our asset management business revenue surged by 7,244.3% to approximately HK\$12.3 million from approximately HK\$0.2 million in 2023. Given the prevailing high interest rate environment throughout the year, we have observed a reduced risk appetite among our clients. In response, we have implemented treasury management and principal protected strategies to effectively adapt to the evolving risk landscape. These strategic measures have been designed to offer our clients a range of conservative and secure investment options that align with the current macroeconomic conditions. By providing these solutions, the Group aims to meet our clients' needs for stability and security in their investment portfolios while navigating the challenges posed by the prevailing market environment. Throughout the year, the Group has organized numerous client engagement events and roadshows aimed at presenting our distinctive and innovative investment solutions and capabilities to prospective high-net-worth clients.

## **Insurance Brokerage Business**

Our insurance brokerage business engages in the distribution of insurance products to corporate and individual clients and the provision of wealth management planning and related services. During the year ended 31 March 2024, our insurance brokerage business revenue decreased by approximately 55.8% to approximately HK\$1.1 million from approximately HK\$2.5 million in 2023 due to fierce market competition.

## **EVENTS AFTER REPORTING PERIOD**

Save as disclosed elsewhere in this announcement, the Group had no other significant events after the reporting period.

## **CONTINGENT LIABILITIES**

Save as disclosed elsewhere in this announcement, the Group was not aware of other material contingent liabilities as at 31 March 2024.

## **CAPITAL COMMITMENTS**

Save as disclosed elsewhere in this announcement, the Group did not have any material capital commitment as at 31 March 2024.

## **EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME**

As at 31 March 2024, the Group employed 25 staff members including the executive directors of the Company (2023: 61 staff members). Staff costs incurred for the year, including directors' remuneration, were HK\$39 million (2023: HK\$55 million). The Company has adopted a share option scheme and the Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees. During the year, no share options were granted, exercised, cancelled or lapsed. Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market conditions and the performance of the Group and individual staff (including directors). The remuneration policy and remuneration packages of the executive directors and members of the senior management of the Group are reviewed by the Remuneration Committee. The Company offers continuous learning and training programs to employees to enhance their skills and knowledge.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

## **AUDIT COMMITTEE**

The Audit Committee comprising two Independent Non-executive Directors, namely Ms. Ling Kit Sum Imma and Dr. Tam Lai Fan Gloria, and one Non-executive Director, namely Mr. Han Kam Leung, Michael, have reviewed with the management and the Board on the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management, corporate governance and financial reporting matters including a review of the annual results of the Group for the year ended 31 March 2024.

## **REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive loss, and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2024. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with HKSAs, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 (formerly known as Appendix 14) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) as its own code on corporate governance practices. During the reporting period, the Company complied, based on the information available to the directors of the Company (the “Directors”), with the code provisions as set out in the CG Code, with the exception of code provision F.2.2.

Code provision F.2.2 provides that the chairman of the board should attend the annual general meeting. Dr. Cheng Chi-Kong, Adrian SBS, JP, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 28 September 2023 (the “AGM”) due to other business commitments. Mr. Lau Fu Wing, Eddie, the then Co-Chief Executive Officer and Executive Director of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM and had answered questions at the AGM competently.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry with all Directors, the Company confirmed that throughout the reporting period, all Directors have complied with the required standards set out in the Model Code.

## **ANNUAL GENERAL MEETING**

A notice convening the annual general meeting will be published and despatched to the shareholders of the Company in accordance with the requirements of the Listing Rules and the articles of association of the Company in due course.

## **PUBLICATION OF FINANCIAL INFORMATION**

This annual results announcement is published on the websites of the Stock Exchange (<https://www.hkex.com.hk>) and the Company (<https://www.artatechfin.com>). The annual report of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 28 June 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.*