

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## ARTA TECHFIN CORPORATION LIMITED

### 裕承科金有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 279)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

### INTERIM RESULTS

The board (the “Board”) of directors (the “Directors” and each, a “director”) of Arta TechFin Corporation Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2024 together with the unaudited comparative figures for the corresponding period of the previous year which are set out as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 September 2024*

		<b>For the six months ended 30 September</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	<b>4</b>	<b>20,377</b>	6,221
Other income and gains, net	4	<u>224</u>	<u>1,025</u>
<b>Revenue and other income and gains, net</b>		<b>20,601</b>	7,246
<b>Operating expenses</b>			
Employee benefit expenses		<b>(13,735)</b>	(22,343)
Consultancy, legal and professional fees		<b>(9,226)</b>	(6,365)

		For the six months ended 30 September	
		2024	2023
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
Information technology and maintenance expenses		(1,012)	(9,684)
Provision for impairment loss of a loan receivable		–	(1,300)
Reversal of provision/(provision) for impairment loss of accounts receivable, net	11	319	(15)
Share of results of associates		(1,308)	–
Other operating expenses		(9,428)	(7,490)
		<u>(34,390)</u>	<u>(47,197)</u>
<b>EBITDA (note)</b>		<b>(13,789)</b>	<b>(39,951)</b>
Depreciation and amortisation	6	<u>(2,739)</u>	<u>(2,152)</u>
<b>Operating loss</b>		<b>(16,528)</b>	<b>(42,103)</b>
Finance costs	5	<u>(2,869)</u>	<u>(4,931)</u>
<b>Loss before tax</b>	6	<b>(19,397)</b>	<b>(47,034)</b>
Income tax expense	7	<u>–</u>	<u>–</u>
<b>LOSS FOR THE PERIOD</b>		<b><u>(19,397)</u></b>	<b><u>(47,034)</u></b>
Attributable to:			
Shareholders of the Company (the “Shareholders”)		(21,762)	(47,034)
Perpetual loans holder		2,275	–
Non-controlling interests		<u>90</u>	<u>–</u>
		<b><u>(19,397)</u></b>	<b><u>(47,034)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS</b>			
Basic and diluted	8	<b><u>(HK0.11 cents)</u></b>	<b><u>(HK0.25 cents)</u></b>

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	For the six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>LOSS FOR THE PERIOD</b>	<b>(19,397)</b>	<b>(47,034)</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Equity investment at fair value through other comprehensive income ("FVOCI") – net movement in investment revaluation reserve (non-recycling)	–	(355)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<b>–</b>	<b>(355)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(19,397)</b>	<b>(47,389)</b>
Attributable to:		
The Shareholders	(21,762)	(47,389)
Perpetual loans holder	2,275	–
Non-controlling interests	90	–
	<b>(19,397)</b>	<b>(47,389)</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		30 September 2024 (Unaudited) <i>HK\$'000</i>	31 March 2024 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		11,541	5,725
Goodwill		1,505	1,505
Investments in associates		2,692	–
Other intangible assets		19,433	19,658
Deposits		1,764	1,929
Financial asset at FVOCI		254	254
		<hr/>	<hr/>
Total non-current assets		37,189	29,071
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Loan receivable	10	–	5,000
Amount due from an associate		16	–
Accounts receivable	11	6,404	2,975
Prepayments, deposits and other receivables		4,741	3,091
Investments at fair value through profit or loss (“FVTPL”)		1,693	1,234
Cash and bank balances		69,004	89,505
		<hr/>	<hr/>
Total current assets		81,858	101,805
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Accounts payable	12	2,775	2,100
Other payables and accruals	13	10,260	11,541
Borrowings	14	38,859	–
Lease liabilities		2,168	–
		<hr/>	<hr/>
Total current liabilities		54,062	13,641
		<hr/>	<hr/>
Net current assets		27,796	88,164
		<hr/>	<hr/>
Total assets less current liabilities		64,985	117,235
		<hr/>	<hr/>

		<b>30 September 2024 (Unaudited) HK\$'000</b>	<b>31 March 2024 (Audited) HK\$'000</b>
	<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	<i>14</i>	–	37,864
Deferred tax liability		<b>2,542</b>	2,542
Lease liabilities		<b>4,911</b>	–
		<hr/>	<hr/>
Total non-current liabilities		<b>7,453</b>	40,406
		<hr/>	<hr/>
<b>Net assets</b>		<b>57,532</b>	76,829
		<hr/>	<hr/>
<b>EQUITY</b>			
Issued capital		<b>191,432</b>	191,432
Reserves		<b>(243,108)</b>	(221,346)
		<hr/>	<hr/>
Equity attributable to the Shareholders		<b>(51,676)</b>	(29,914)
Equity attributable to immediate holding company in respect of a perpetual convertible instrument	<i>15(a)</i>	<b>35,826</b>	35,826
Equity attributable to immediate holding company in respect of perpetual loans	<i>15(b)</i>	<b>73,192</b>	70,917
Non-controlling interests		<b>190</b>	–
		<hr/>	<hr/>
<b>Total equity</b>		<b>57,532</b>	76,829
		<hr/>	<hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2024.

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024, other than any changes in accounting policies are set out in note 2.

These condensed consolidated financial statements for the six months ended 30 September 2024 have been reviewed by the Company’s Audit Committee, and have not been audited, but have been reviewed by the Company’s external auditor, Crowe (HK) CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### New and amended Hong Kong Financial Reporting Standards (“HKFRSs”)

The Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for their reporting period beginning on or after 1 April 2024:

Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1	Classification of Liabilities as Current and Non-current
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Disclosures – Suppliers Finance Arrangements

The application of the above amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet 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 five (six months ended 30 September 2023: three) 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 services for private structured finance transactions and mergers and acquisitions;
- (b) asset management business segment offers traditional asset management products and services, including investment advisory, external asset management, portfolio management, fund incubation and transaction execution to professional and institutional investors;
- (c) insurance brokerage business segment engages in insurance brokerage business and the provision of wealth planning and related services;
- (d) investment business segment engages in the investments of low-risk and high liquidity investment portfolio and proprietary trading; and
- (e) wealth management and consultancy services business segment offers tailored services and an all-in-one solution to meet the unique needs of each client, including but not limited to family offices, institutional investors and ultra-high-net-worth families.

During the six months ended 30 September 2024, the Group commenced the investment business and wealth management and consultancy services business and they are considered as new operating segments by the chief operating decision-maker.

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 senior management and the Directors that make 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 six months ended 30 September 2024 and 2023 for the purposes of resources allocation and performance assessment.

Geographical segment information in relation to the location of the Group's revenue is not presented since 100% of the Group's revenue is generated in Hong Kong for the six months ended 30 September 2024 and 2023. Accordingly, in the opinion of the chief operating decision-maker, the presentation of geographical information would provide no addition useful information to the users of these condensed consolidated financial statements.

Geographical segment information in relation to the location of the Group's assets is not presented since over 90% of the Group's assets are located in Hong Kong at 30 September 2024 and 31 March 2024. Accordingly, in the opinion of the chief operating decision-maker, the presentation of geographical information would provide no additional useful information to the users of these condensed consolidated financial statements.

**For the six months ended 30 September 2024**

	Global markets business (Unaudited) HK\$'000	Asset management business (Unaudited) HK\$'000	Insurance brokerage business (Unaudited) HK\$'000	Investment business (Unaudited) HK\$'000	Wealth management and consultancy services business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue:</b>						
Revenue from external customers	2,592	5,152	2,583	3,565	6,485	20,377
Intersegment revenue	—	—	35	—	—	35
	<u>2,592</u>	<u>5,152</u>	<u>2,618</u>	<u>3,565</u>	<u>6,485</u>	<u>20,412</u>
<i>Reconciliation:</i>						
Elimination of intersegment revenue						(35)
						<u>20,377</u>
<b>Segment results:</b>	(1,971)	3,646	597	3,335	(741)	4,866
<i>Reconciliation:</i>						
Other interest income						30
Other unallocated income						194
Corporate and other unallocated expenses						(21,618)
Finance costs						(2,869)
						<u>(19,397)</u>

**For the six months ended 30 September 2023**

	Global markets business (Unaudited) HK\$'000	Asset management business (Unaudited) HK\$'000	Insurance brokerage business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue:</b>				
Revenue to external customers	5,767	214	240	6,221
Intersegment revenue ( <i>note</i> )	—	—	45	45
	<u>5,767</u>	<u>214</u>	<u>285</u>	<u>6,266</u>
<i>Reconciliation:</i>				
Elimination of intersegment revenue				(45)
Total revenue				<u>6,221</u>
<b>Segment results:</b>	1,498	(150)	35	1,383
<i>Reconciliation:</i>				
Bank interest income				375
Other interest income				62
Other unallocated income				588
Corporate and other unallocated expenses				(44,511)
Finance costs				(4,931)
				<u>(47,034)</u>

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



#### 4. REVENUE AND 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; income from custodian business; income from investment business and income from wealth management and consultancy services.

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

	<b>For the six months ended 30 September</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Placing and underwriting income	<b>1,279</b>	5,538
Commission and brokerage income from securities and futures dealings	<b>1,312</b>	196
Insurance brokerage income	<b>2,583</b>	240
Asset management and advisory fee income	<b>5,152</b>	–
Marketing and management fee income	–	232
Custodian business fee income	–	7
Wealth management and consultancy fee income	<b>6,485</b>	–
	<b>16,811</b>	6,213
<b>Revenue from other sources</b>		
Interest income on margin financing activities	<b>1</b>	8
Fair value gain from the sales of investments at FVTPL, net ( <i>note</i> )	<b>589</b>	–
Interest income on treasury investment	<b>2,976</b>	–
	<b>3,566</b>	8
<b>Total revenue</b>	<b>20,377</b>	6,221

	<b>For the six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other income and gains, net</b>		
Bank interest income	–	375
Other interest income	<b>30</b>	62
Dividend handling charge and other surcharges	<b>55</b>	384
Fair value gain from the sale of investments at FVTPL, net ( <i>note</i> )	–	181
Others	<b>139</b>	23
	<hr/>	<hr/>
<b>Total other income and gains, net</b>	<b>224</b>	1,025
	<hr/>	<hr/>
<b>Total</b>	<b>20,601</b>	7,246
	<hr/>	<hr/>
<b>Timing of revenue recognition</b>		
At a point in time	<b>16,811</b>	6,213
Transferred over time	–	–
	<hr/>	<hr/>
	<b>16,811</b>	6,213
	<hr/>	<hr/>

*Note:* The gross proceeds from the sales of listed shares included in investments at FVTPL for the reporting period was nil (six months ended 30 September 2023: HK\$33,000).

## 5. FINANCE COSTS

	<b>For the six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interests on borrowings ( <i>note</i> )	<b>2,595</b>	4,803
Interests on lease liabilities	<b>274</b>	128
	<hr/>	<hr/>
	<b>2,869</b>	4,931
	<hr/>	<hr/>

*Note:* Interests on borrowings included imputed interests of nil (six months ended 30 September 2023: HK\$1,769,000) on a convertible loan from immediate holding company and HK\$2,595,000 (six months ended 30 September 2023: HK\$1,740,000) on convertible bonds from an independent bond subscriber respectively.

## 6. LOSS BEFORE TAX

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

	<b>For the six months ended 30 September</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<i>Note</i>		
Employee benefit expenses (excluding directors' remuneration):		
Salaries and allowances	<b>11,946</b>	16,296
Retirement benefit scheme contributions (defined contribution scheme)	<b>240</b>	345
	<b>12,186</b>	16,641
Depreciation – property, plant and equipment	<b>1,123</b>	1,077
Depreciation – right-of-use asset	<b>1,391</b>	1,075
Amortisation	<b>225</b>	–
(Reversal of provision)/provision for impairment loss of accounts receivable, net	<b>(319)</b>	15
Provision for impairment loss of a loan receivable	<b>–</b>	1,300

## 7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the British Virgin Islands (the “BVI”) and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands respectively.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the six months ended 30 September 2024 and 2023, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the law of the People's Republic of China (“PRC”) on Enterprise Income Tax (the “EIT Law”) and Interpretation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 September 2024. No provision for PRC Enterprise Income Tax has been made for the six months ended 30 September 2024 and 2023 as the Group's subsidiary established in the PRC had no assessable profits arising in the PRC.

No Hong Kong profits tax has been provided for in the condensed consolidated financial statements as the Group has no assessable profits for the six months ended 30 September 2024 and 2023 except for one subsidiary of the Group that no provision for taxation in Hong Kong has been made as the subsidiary has sufficient tax losses brought forward to set off against the assessable profit for both six months ended 30 September 2024 and 2023.

## 8. LOSS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS

### (a) Basic loss per share

The calculation of the basic loss per share is based on the loss for the period attributable to the Shareholders of HK\$21,762,000 (six months ended 30 September 2023: HK\$47,034,000), and the weighted average number of ordinary shares of 19,143,179,880 in issue during the period (six months ended 30 September 2023: 19,143,179,880).

### (b) Diluted loss per share

The calculation of the diluted loss per share is based on the loss for the period attributable to the Shareholders of HK\$21,762,000 (six months ended 30 September 2023: HK\$47,034,000), and the weighted average number of ordinary shares of 19,143,179,880 in issue during the period (six months ended 30 September 2023: 19,143,179,880).

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2024 and 2023 in respect of a dilution. The calculation of diluted loss per share for the six months ended 30 September 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. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

## 10. LOAN RECEIVABLE

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Loan receivable	–	5,000
Less: Provision for impairment loss	–	–
	<u>–</u>	<u>5,000</u>

The loan receivable at 31 March 2024 was unsecured, bearing interests at 9% per annum and repayable on 29 May 2024. The loan was fully settled during the six months ended 30 September 2024.

Loan receivable, determined based on its age since the effective draw down date of the loan, was aged over 30 days, at 31 March 2024.

The movement in the provision for impairment loss of the loan receivable was as follows:

### At 31 March 2024 (audited)

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

## 11. ACCOUNTS RECEIVABLE

	<b>30 September 2024 (Unaudited) HK\$'000</b>	31 March 2024 (Audited) HK\$'000
Accounts receivable arising from the ordinary course of business of:		
– Global market business		
Securities and futures brokerage business		
Margin clients	13	14
Clearing houses	–	7
Others	44	313
– Asset management business	1,542	2,398
– Insurance brokerage business	488	571
– Wealth management and consultancy services business	4,326	–
	<b>6,413</b>	3,303
Less: Provision for impairment loss	<b>(9)</b>	(328)
	<b>6,404</b>	2,975

At 1 April 2023, 31 March 2024 and 30 September 2024, accounts receivable from contracts with customers amounted to approximately HK\$1,215,000, HK\$2,955,000 and HK\$6,392,000 respectively.

The settlement terms of accounts receivable attributable to the dealing in securities and futures 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 7.50% to 13.89% per annum at 30 September 2024 (31 March 2024: 7.83% to 12.50% 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, insurance brokerage business and wealth management and consultancy services business are mainly on credit. The credit period for customers of global markets business, insurance brokerage business and wealth management and consultancy services 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:

	<b>30 September 2024 (Unaudited) HK\$'000</b>	31 March 2024 (Audited) HK\$'000
Within 90 days	6,224	3,094
Between 91 to 180 days	–	81
Between 181 to 365 days	–	30
Over one year	189	98
	<b>6,413</b>	3,303

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

	<b>30 September 2024 (Unaudited) HK\$'000</b>	31 March 2024 (Audited) HK\$'000
At beginning of period/year	<b>328</b>	6
(Reversal of provision)/provision for impairment loss	<u><b>(319)</b></u>	<u>322</u>
At end of period/year	<u><b>9</b></u>	<u>328</u>

## 12. ACCOUNTS PAYABLE

The balances at 30 September 2024 and 31 March 2024, based on the trade date, were all aged within 90 days.

## 13. OTHER PAYABLES AND ACCRUALS

	<b>30 September 2024 (Unaudited) HK\$'000</b>	31 March 2024 (Audited) HK\$'000
Accrued expenses	<b>6,867</b>	11,196
Other payables	<u><b>3,393</b></u>	<u>345</u>
	<u><b>10,260</b></u>	<u>11,541</u>

## 14. BORROWINGS

	<b>30 September 2024 (Unaudited) HK\$'000</b>	31 March 2024 (Audited) HK\$'000
<b>Current:</b>		
Borrowings – convertible bonds, unsecured ( <i>note</i> )	<b>38,859</b>	–
<b>Non-current:</b>		
Borrowings – convertible bonds, unsecured ( <i>note</i> )	<u>–</u>	<u>37,864</u>
Total borrowings	<u><b>38,859</b></u>	<u>37,864</u>

*Note:*

On 16 May 2023, Aurum Strategic Limited, a company incorporated with limited liability in the BVI and a wholly-owned subsidiary of the Company, and the Company entered into a subscription agreement with Surrich International Company Limited, a wholly-owned subsidiary of Wuxi Guolian Development (Group) Co., Ltd. (無錫市國聯發展(集團)有限公司), a wholly state-owned company established in the PRC with limited liability, in relation to the issue of convertible bonds in the principal amount of HK\$40,000,000 with conversion rights to convert the principal amount thereof into the shares of the Company at the conversion price of HK\$0.13475 per conversion share (the “Convertible Bonds”). The conversion period shall begin 41 days after 30 May 2023 (the “Issue Date”) and end on 10 business days before 30 May 2025, i.e. the maturity date.

The issue price was 100% of the principal amount of the Convertible Bonds. The Convertible Bonds bear interest at 8% per annum payable quarterly in arrears. The imputed interest on the Convertible Bonds was calculated using the effective interest rate at 13.52% per annum.

The Convertible Bonds shall mature on the second anniversary of the Issue Date on 30 May 2025. The Convertible Bonds are guaranteed by the Company and unsecured.

At the date of issuance of the Convertible Bonds, taking into account the terms of the repayment, the fair value of the borrowing was HK\$40,000,000, of which the fair values of liability component and equity component were approximately HK\$36,058,000 and approximately HK\$3,942,000 respectively. The fair value of the liability component of convertible borrowing of HK\$36,058,000 represented the net present value of the cash flow associated with the Convertible Bonds. At 30 September 2024, the carrying amount of the liability component of the Convertible Bonds was approximately HK\$38,859,000 (31 March 2024: HK\$37,864,000), after recognising imputed interest expense of approximately HK\$2,595,000 (six months period ended 30 September 2023: HK\$1,740,000); offset by interest payment of HK\$1,600,000 (six months period ended 30 September 2023: HK\$800,000) made during the six months ended 30 September 2024.

During the six months ended 30 September 2024, no conversion rights attaching to the Convertible Bonds were exercised. The outstanding principal amount of the Convertible Bonds at 30 September 2024 amounted to HK\$40,000,000.

The Convertible Bonds recognised in the condensed consolidated financial statements were calculated as follows:

	<b>Liabilities component</b> <i>HK\$'000</i>	<b>Equity component</b> <i>HK\$'000</i>
At 1 April 2023	–	–
Issuance of the Convertible Bonds	36,058	3,942
Imputed interest expenses for the year	4,206	–
Interest paid	(2,400)	–
	<hr/>	<hr/>
At 31 March 2024 and 1 April 2024	37,864	3,942
Imputed interest expenses for the period	2,595	–
Interest paid	(1,600)	–
	<hr/>	<hr/>
At 30 September 2024	<u>38,859</u>	<u>3,942</u>

## 15. PERPETUAL INSTRUMENTS

### (a) Perpetual convertible instrument

In September 2020, November 2020, January 2021, March 2021 and November 2021, the Company obtained a convertible loan of HK\$40,000,000 from the immediate holding company, which was interest free and repayable on demand (the “Second Loan”). The conversion period is from 1 November 2022 to 1 November 2024, and the loan can be converted into 2,478,766,139 shares of the Company (the “Second Loan Conversion Shares”) and the conversion price shall be approximately HK\$0.01614 per share. The Second Loan Conversion Shares shall rank pari passu in all respects with the existing shares in issue at the date of allotment of the Second Loan Conversion Shares. During the year ended 31 March 2023, the immediate holding company confirmed that the Company had no repayment obligation within the conversion period pursuant to the Supplemental Deed and the Second Loan has been reclassified to non-current liability. At the date of confirmation, taking into account the terms of the repayment, the fair value of the borrowing was HK\$40,000,000, of which the fair values of liability component and equity component were approximately HK\$32,383,000 and approximately HK\$7,617,000 respectively.

The fair value of the liability component of the convertible borrowing of approximately HK\$32,383,000 represented the present value of the redemption amount, which is discounted at the prevailing market interest rate for similar borrowing without conversion option at the date of confirmation. At 31 March 2023, the carrying amount of the liability component of the convertible loan was approximately HK\$34,057,000, after recognising imputed interest expense of approximately HK\$1,674,000 during the year ended 31 March 2023.

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, including imputed interest of HK\$1,769,000 for the period from 1 April 2023 to 30 September 2023, was reclassified into equity in the consolidated statement of financial position from the date of the deed of confirmation.

During the six months ended 30 September 2024, no conversion rights attaching to the perpetual convertible instrument were exercised.

**(b) Perpetual loans**

On 24 November 2023, the Company and the immediate holding company entered into a perpetual shareholder's loan agreement, pursuant to which the immediate holding company shall make available to the Company an unsecured term loan facility of a total principal amount up to HK\$40,000,000 at 6.5% interest rate per annum, which is on normal commercial terms or better. The Company may at its sole discretion, repay the outstanding amount of the loan in full or in part together with all interest accruing on the loans or such part of the loans as of the date of repayment.

On 28 March 2024, the Company and the immediate holding company entered into a perpetual shareholder's loan agreement, pursuant to which the immediate holding company shall make available to the Company an unsecured term loan facility of a total principal amount up to HK\$30,000,000 at 6.5% interest rate per annum, which is on normal commercial terms or better. The Company may at its sole discretion, repay the outstanding amount of the loan in full or in part together with all interest accruing on the loans or such part of the loans as of the date of repayment.

Movements of the perpetual loans are as follows:

	<b>Principal</b> <i>HK\$'000</i>	<b>Distribution</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2023	–	–	–
Issuance of perpetual loans	70,000	–	70,000
Profit attributable to perpetual loans holder	–	917	917
At 31 March 2024 and 1 April 2024	70,000	917	70,917
Profit attributable to perpetual loans holder	–	2,275	2,275
At 30 September 2024	70,000	3,192	73,192

As both the above perpetual instruments do not contain any contractual obligation to pay cash or other financial assets, in accordance with HKAS 32, they are classified as equity for accounting purpose.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

### **BUSINESS AND FINANCIAL REVIEW**

#### **Liquidity, financial resources and capital structure**

At 30 September 2024, the Group had total assets, net current assets and net assets of approximately HK\$119 million (31 March 2024: HK\$131 million), approximately HK\$28 million (31 March 2024: HK\$88 million) and approximately HK\$58 million (31 March 2024: HK\$77 million) respectively, and cash and bank balances of approximately HK\$69 million (31 March 2024: HK\$90 million). The current ratio (current assets/current liabilities) was 1.51 (31 March 2024: 7.46). The Group had unsecured convertible bonds in the principal amount of HK\$40 million (“Convertible Bonds”) at 30 September 2024 (31 March 2024: HK\$40 million).

For the six months ended 30 September 2024 (the “Period”), borrowing costs on issuance of the Convertible Bonds amounted to approximately HK\$3 million. Total finance costs for the year decreased by 40% as compared to the corresponding period in 2023 of approximately HK\$5 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

	For the six months ended 30 September		Increase/ (decrease)
	2024	2023	
	HK\$'000	HK\$'000	
Consolidated turnover	20,377	6,221	227.6%
Operating expenses	34,390	47,197	(27.1)%
Consolidated net loss	19,397	47,034	(58.8)%

For the Period, the Group's consolidated revenue increased to approximately HK\$20 million as a result of the significantly improved performance of the asset management, wealth management and consultancy services and insurance brokerage businesses as well as due to the Group's effort in expanding its client base and revenue stream for the Period.

Operating expenses amounted to approximately HK\$34 million for the Period, decreased by 27.6% as compared to the corresponding period in 2023 (corresponding period in 2023: HK\$47 million). Total employee benefit expenses (including directors' remuneration) amounted to approximately HK\$14 million for the Period (corresponding period in 2023: HK\$22 million). Consultancy, legal and professional fees amounted to approximately HK\$9 million (corresponding period in 2023: HK\$6 million) was incurred which mainly represented the engagement of external consultants to deal with certain legal and regulatory inquiries and operational matters.

The Group recorded a consolidated net loss for the Period of approximately HK\$19 million (corresponding period in 2023: HK\$47 million), primarily due to the combined effect of, inter alia, (i) the increase in revenue and other income by approximately HK\$13 million as a result of the significantly improved performance of the asset management, wealth management and consultancy services and insurance brokerage businesses as well as due to the Company's effort in expanding its client base and revenue stream for the Period; and (ii) reduction of expenses including employee benefit expenses, finance costs and information technology and maintenance expenses by approximately HK\$19 million in line with the Company's implementation of its cost-effective measures, effect of which was partially set off by increase in consultancy, legal and professional fees by approximately HK\$3 million and other operating expenses by approximately HK\$2 million for the Period. Basic and diluted loss per share attributable to the Shareholders were approximately HK0.11 cents (corresponding period in 2023: HK0.25 cents).

The Group had no capital commitment at 30 September 2024 (31 March 2024: nil). In light of the amount of liquid assets on hand, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements. At 30 September 2024, the Group had shareholders' funds of approximately HK\$58 million (31 March 2024: HK\$77 million).

## Business Review

Our business is organised into five segments: (1) global markets business, which includes securities and futures brokerage and investment banking businesses; (2) asset management business; (3) insurance brokerage business; (4) investment business; and (5) wealth management and consultancy services business. During the Period, despite the unstable global macro environment and weak sentiment in Hong Kong securities market, the Group achieved improvements in its overall operating performance by formulating new business strategies, proactively seizing market opportunities and continuing stringent cost control efforts. The momentum of the Group's various group businesses has been accelerated with renewed impetus and we are confident in our prospects given the added talents, newly developed clientele, expanded products, and an increasing project pipeline.

Segmental revenue	For the six months ended 30 September		(Decrease)/ increase
	2024	2023	
	HK\$'000	HK\$'000	
Global markets business	2,592	5,767	(55.1)%
Asset management business	5,152	214	2,307.5%
Insurance brokerage business	2,583	240	976.3%
Investment business	3,565	–	N/A
Wealth management and consultancy services business	6,485	–	N/A
Total revenue	20,377	6,221	227.6%

### 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 and structured financing) as well as execution and prime securities and futures brokerage services in both digital and traditional assets. Due to unfavorable market situations for investments, the revenue for the Period decreased by approximately 55.2% to approximately HK\$2.6 million from approximately HK\$5.8 million during the corresponding period in 2023.

The Group continued its rapid expansion into regulated businesses involving digital assets. We successfully developed a new line of financial products that are linked to digital assets and settled in cash. These products include futures, options, and structured products. Additionally, the Group acted as the exclusive distributor of digital asset-structured products offered by Enhanced Digital Group UK Limited in Hong Kong.

## **Asset Management Business**

Our asset management business offers a full spectrum of asset management products and services, including investment advisory, external asset management, portfolio management, fund incubation and transaction execution services to professional and institutional investors. The business experienced tremendous growth in its client base and assets under management through organic expansion efforts. During the Period, revenue generated from our asset management business surged by 2,500.0% to approximately HK\$5.2 million from approximately HK\$0.2 million during the corresponding period in 2023. Given the prevailing high interest rate environment, we have observed a reduced risk appetite among our clients. In response, we introduced treasury management and principal protected strategies to effectively adapt to the evolving risk landscape. These strategic measures aim 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. Due to the close connection between Hong Kong and Mainland China, the Group has been expanding its clientele and business in China. The management of the Company are of the view that Mainland China presents a sizeable market and range of opportunities for asset managers in Hong Kong with China's vast and growing middle class driving demand for wealth management and investment products. Throughout the Period, the Group organized various client engagement events and roadshows in Hong Kong aimed at presenting our distinctive and innovative investment solutions and capabilities to prospective high-net-worth clients.

Additionally, the Group has been providing fund incubation services through strategic partnerships with prestigious industry veterans and organisations. We aim to build a dynamic ecosystem that empowers our partners to launch their own funds while providing clients with access to high-quality investment opportunities.

## **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 Period, revenue generated from our insurance brokerage business surged by 1,200.0% to approximately HK\$2.6 million from approximately HK\$0.2 million during the corresponding period in 2023 as the insurance products provide several benefits to clients to build a sound investment portfolio amid ever-changing market conditions and minimise the risk with diversified asset allocation.

## **Investment Business**

During the Period, the Group established its investment business. Revenue from our investment business was approximately HK\$3.6 million, mainly consists of (i) interest income of approximately HK\$3.0 million from our low-risk and high liquidity investment portfolio; and (ii) a fair value gain on investments at fair value through profit or loss (“FVTPL”) of approximately HK\$0.6 million.

## **Wealth Management and Consultancy Services Business**

During the Period, the Group established its wealth management and consultancy services business. We take a customer-centric approach, tailoring our services and offering an all-in-one solution to meet the unique needs of each client, including but not limited to family offices, institutional investors, and ultra-high-networth individuals. During the Period, the Group recorded revenue of approximately HK\$6.5 million from the wealth management and consultancy services business.

## **FINANCIAL ASSETS AND INVESTMENTS**

At 30 September 2024, the Group had a non-current financial asset at fair value through other comprehensive income (“FVOCI”) of approximately HK\$0.3 million (31 March 2024: HK\$0.3 million) and an investment in an associate of approximately HK\$2.7 million (31 March 2024: nil). The above assets carry values less than 5% of the total assets of the Group at 30 September 2024.

### **Financial Asset at FVOCI**

At 30 September 2024, the Group had a non-current financial asset at FVOCI of approximately HK\$0.3 million, representing a minority investment, via subscription of convertible preferred shares, in GFO-X at an original investment cost of US\$502,740. GFO-X is a United Kingdom Financial Conduct Authority regulated and centrally cleared trading venue dedicated to digital asset derivatives, incorporated and registered in England and Wales with business offices in London and Hong Kong. During the Period, investment in GFO-X did not have a material impact on the earnings of the Group. This investment represents approximately 0.21% of the total assets of the Group of approximately HK\$119 million at 30 September 2024. The fair value of the financial asset is determined by reference to the recent transaction price. During the Period, no change in fair value was recorded (corresponding period in 2023: fair value loss on FVOCI of approximately HK\$0.4 million).

## **Financial Asset at FVTPL**

At 31 March 2024, the Group had a current financial asset at FVTPL of approximately HK\$1.5 million, representing a loan purchase agreement entered between Arta TechFin Corporation Limited (the “Company”) and a private limited company, in relation to the acquisition of a convertible loan of US\$250,000 (equivalent to approximately HK\$2 million), which would be repaid upon maturity in September 2022 or converted into the share of a private limited company on the maturity date. In September 2022, March 2023 and September 2023, the Company entered into loan extension agreements with the private limited company extending the maturity dates to March 2023, September 2023 and September 2024, respectively. The value of the convertible loan was determined in an active market where there were no relevant quotes available. During the year ended 31 March 2024, the convertible loan was written off as there was evidence indicating that the debtor was in severe financial difficulty and the Group had no realistic possibility of recovering the convertible loan. During the year ended 31 March 2024, fair value loss on financial assets at FVTPL of approximately HK\$1.5 million was recorded.

## **SIGNIFICANT INVESTMENT**

Saved as disclosed elsewhere in this announcement, the Group did not have any significant investment which accounted for more than 5% of the Group’s total assets at 30 September 2024.

## **PLEDGE OF ASSETS**

The Group had unsecured Convertible Bonds in the principal amount of HK\$40 million at 30 September 2024 (30 September 2023: HK\$40 million). At 30 September 2023, a bank borrowing of HK\$30 million was guaranteed by corporate guarantees given by two wholly-owned subsidiaries of the Company. Such bank borrowing had been repaid upon maturity in November 2023.

## **EVENT AFTER THE REPORTING PERIOD**

Reference is made to note 15(a) to this announcement. On 29 October 2024, the Company received a conversion notice from Radiant Alliance exercising its rights to convert the entire Second Loan into the Second Loan Conversion Shares. Pursuant to such exercise of conversion rights by Radiant Alliance, 2,478,766,139 Second Loan Conversion Shares will be allotted and issued by the Company to Radiant Alliance under the specific mandate granted by the Shareholders to the Directors at the extraordinary general meeting of the Company which was held on 17 June 2021. The Second Loan Conversion Shares will rank pari passu with all the existing Shares in issue at the date of allotment and among themselves in all respects.

Immediately after the completion of the issue of the Conversion Shares, the number of issued shares of the Company will increase to 21,621,946,019 Shares, and the 2,478,766,139 Second Loan Conversion Shares represent (i) approximately 13.0% of the existing issued share capital of the Company immediately prior to the conversion of the Second Loan; and (ii) approximately 11.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Second Loan Conversion Shares.

The Company has also been informed that Radiant Alliance entered into a sale and purchase agreement dated 29 October 2024 with an independent third party purchaser (the “Purchaser”), pursuant to which Radiant Alliance agreed to sell and the Purchaser agreed to purchase an aggregate of 300,000,000 Shares. The 300,000,000 Shares which forms the subject-matter of the share transfer represents (i) approximately 1.6% of the existing issued share capital of the Company immediately prior to the conversion of the Second Loan; and (ii) approximately 1.4% of the issued share capital of the Company as enlarged by the allotment and issuance of the Second Loan Conversion Shares.

The share transfer shall be completed prior to the allotment and issuance of the Second Loan Conversion Shares in order to maintain the public float of the Company as required under Rule 8.08 of the Listing Rules following the conversion of the Second Loan. In November 2024, the share transfer has been completed. Following the share transfer, Dr. Cheng, through Radiant Alliance and Perfect Path Global Limited, remains the ultimate controlling party of the Company. At the date of this announcement, the allotment and the issue of the Conversion Shares has not yet been completed.

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

## **MATERIAL ACQUISITIONS/DISPOSALS**

Save as mentioned in this announcement, the Group did not have any significant investments nor did it make any material acquisitions or disposals of subsidiaries and associates throughout the Period.

## **CONTINGENT LIABILITIES**

Save as disclosed elsewhere in this announcement, the Group is not aware of other material contingent liabilities at 30 September 2024.



## **PROSPECTS**

Leveraging our excellent management and experienced professionals, the Group has accelerated the development of technology and focused on optimising the middle and back office. We actively engaged in diversifying product and service offerings, serving high-quality clients, and promoting long-term strategic development. Looking forward, the Group will proactively review its performance and prospects in different business segments from time to time to proactively adapt to the ever-changing environments, aiming to achieve optimal risk-adjusted investment returns.

Hong Kong's market has yet to fully recover from its downturn. We will proceed cautiously in allocating our resources and strive for better business performance by implementing a solid and steady operational strategy. We believe that, with our solid foundation and strengthened core capabilities, we are well-prepared to seize opportunities as the Hong Kong market rebounds, interest rates decline, and the Greater China economy gains renewed momentum.

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

As at 30 September 2024, the Group employed 30 staff members including the executive directors of the Company (30 September 2023: 36 staff members). Staff costs incurred for the Period, including directors' remuneration, were HK\$14 million (corresponding period in 2023: HK\$22 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 Period, no share options were granted, exercised, cancelled or lapsed.

The remuneration policy of the Group is reviewed regularly, making reference to the 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 also 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 six months ended 30 September 2024, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

## **REVIEW OF INTERIM RESULTS**

The Company's unaudited interim results for the Period have been reviewed by the Company's Audit Committee, and have not been audited, but have been reviewed by the Company's external auditor, Crowe (HK) CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA.



## **CORPORATE GOVERNANCE CODE**

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the Period, with the exception of provision F.2.2 of the CG Code.

Provision F.2.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. Dr. Cheng, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 23 September 2024 (the “AGM”) due to other business commitments. Mr. Xu Hao, the 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 set out in Appendix C3 (formerly known as Appendix 10) of the Listing Rules as its own code of conduct regarding its Directors’ securities transactions. Having made specific enquiry of all Directors, the Company confirmed that throughout the Period, all Directors have complied with the required standards set out in the Model Code.

## **PUBLICATION OF FINANCIAL INFORMATION**

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.artatechfin.com>). The Group’s interim report for 2024 will be despatched to the Shareholders 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, 29 November 2024

*As at the date of this announcement, the Board of the Company comprises Dr. Cheng Chi-Kong, Adrian SBS, JP (Chairman) as Non-executive Director, Mr. Xu Hao (Chief Executive Officer) and Ms. Li Chuchu, Tracy (Chief Financial Officer) as Executive Directors, and Ms. Ling Kit Sum Imma, Mr. Zhang Guangying and Prof. Peng Qian as Independent Non-executive Directors.*