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

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 2023

INTERIM RESULTS

The board of directors (the "Board") 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 2023 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 2023

		For the six months ended 30 September	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**6,221**	9,215
Other income and gains, net	*4*	**1,025**	1,243
Revenue and other income and gains		**7,246**	10,458
Operating expenses			
Employee benefit expenses		**(22,343)**	(27,590)
Consultancy, legal and professional fees		**(6,365)**	(5,986)

	Notes	For the six months ended 30 September 2023 (Unaudited) HK$'000	2022 (Unaudited) HK$'000
Information technology and maintenance expenses		**(9,684)**	(2,151)
Fair value gain on investments at fair value through profit or loss ("FVTPL"), net		**–**	218
Provision for impairment loss of a loan receivable		**(1,300)**	–
(Provision)/reversal of provision for impairment loss of accounts receivable, net		**(15)**	26
Other operating expenses		**(7,490)**	(9,165)
		(47,197)	(44,648)
EBITDA		**(39,951)**	(34,190)
Depreciation		**(2,152)**	(2,967)
Operating loss		**(42,103)**	(37,157)
Finance costs	*5*	**(4,931)**	(1,008)
Loss before tax	*6*	**(47,034)**	(38,165)
Income tax expense	*7*	**–**	–
LOSS FOR THE PERIOD		**(47,034)**	(38,165)
Attributable to:			
Shareholders of the Company		**(47,034)**	(38,170)
Non-controlling interests		**–**	5
		(47,034)	(38,165)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	*8*	**(HK0.25 cents)**	(HK0.20 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(47,034)**	(38,165)
OTHER COMPREHENSIVE LOSS		
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)**	–
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(355)**	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(47,389)**	(38,165)
Attributable to:		
Shareholders of the Company	**(47,389)**	(38,170)
Non-controlling interests	**–**	5
	(47,389)	(38,165)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	30 September 2023 (Unaudited) HK$'000	31 March 2023 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,813**	9,098
Goodwill		**1,505**	1,505
Other intangible assets		**19,858**	19,858
Deposits		**3,420**	4,408
Financial asset at FVOCI		**3,566**	3,921
Financial asset at FVTPL		**–**	1,533
Total non-current assets		**36,162**	40,323
CURRENT ASSETS			
Financial asset at FVTPL		**1,533**	–
Loan receivable	*10*	**4,075**	5,375
Accounts receivable	*11*	**4,286**	1,270
Prepayments, deposits and other receivables		**3,539**	5,114
Investments at FVTPL		**357**	34
Cash and bank balances		**55,811**	65,366
Total current assets		**69,601**	77,159
CURRENT LIABILITIES			
Accounts payable	*12*	**331**	371
Other payables and accruals	*13*	**8,681**	14,224
Borrowing	*14*	**30,000**	30,000
Lease liabilities		**1,163**	2,619
Tax payable		**1**	1
Total current liabilities		**40,176**	47,215
Net current assets		**29,425**	29,944
Total assets less current liabilities		**65,587**	70,267

	Notes	30 September 2023 (Unaudited) HK$'000	31 March 2023 (Audited) HK$'000
NON-CURRENT LIABILITIES			
Borrowing	*14*	**37,154**	34,057
Deferred tax liability		**2,561**	2,561
Total non-current liabilities		**39,715**	36,618
Net assets		**25,872**	33,649
EQUITY			
Issued capital		**191,432**	191,432
Reserves		**(201,386)**	(157,783)
Equity attributable to the shareholders of the Company (the "Shareholders")		**(9,954)**	33,649
Equity attributable to the immediate holding company in respect of perpetual convertible instrument		**35,826**	–
Total equity		**25,872**	33,649

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. BASIS OF PREPARATION

The 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").

The 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 2023.

The accounting policies adopted in the preparation of the 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 2023, other than any changes in accounting policies are set out in note 2.

The condensed consolidated financial statements for the six months ended 30 September 2023 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

(a) New and amended Hong Kong Financial Reporting Standards ("HKFRSs")

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

HKFRS 17 and the 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 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.

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("LSP") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("MPF") scheme (also known as the "offsetting mechanism"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP.

In this announcement and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the above-mentioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this announcement is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending not later than 31 March 2025.

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 (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 margin financing), other unallocated income, 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 2023 and 2022 for the purposes of resources allocation and performance assessment.

Based on the location of the customers at which the services were rendered, the Group's revenue are derived from customers located in Hong Kong. As at 30 September 2023 and 31 March 2023, substantially all of the non-current assets of the Group were located in Hong Kong.

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*
Segment revenue:				
Revenue to external customers	**5,767**	**214**	**240**	**6,221**
Intersegment revenue	**–**	**–**	**45**	**45**
	5,767	**214**	**285**	**6,266**
Reconciliation:				
Elimination of intersegment revenue				**(45)**
Total revenue				**6,221**
Segment results:	**1,498**	**(150)**	**35**	**1,383**
Reconciliation:				
Bank interest income				**375**
Other interest income				**62**
Other unallocated income				**588**
Corporate and other unallocated expenses				**(44,511)**
Finance costs				**(4,931)**
Loss before tax				**(47,034)**

For the six months ended 30 September 2022

	Global markets business (Unaudited) *HK$'000*	Asset management business (Unaudited) *HK$'000*	Insurance brokerage business (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:				
Revenue to external customers	6,968	167	2,080	9,215
Intersegment revenue	–	–	–	–
	6,968	167	2,080	9,215
Reconciliation:				
Elimination of intersegment revenue				–
Total revenue				9,215
Segment results:	(3,665)	2,298	320	(1,047)
Reconciliation:				
Bank interest income				5
Other interest income				6
Other unalloated income				1,232
Corporate and other unallocated expenses				(37,353)
Finance costs				(1,008)
Loss before tax				(38,165)

4. REVENUE AND OTHER INCOME AND GAINS, NET

Revenue represents income from placing, underwriting and advisory 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 services; dividend income from investments at FVTPL; and income from custodian business for the period.

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

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Placing, underwriting and advisory fee income	**5,538**	5,311
Commission and brokerage income from securities and futures dealings	**196**	545
Insurance brokerage income	**240**	2,080
Asset management fee income	**–**	167
Marketing and management fee income	**232**	1,174
Custodian business fee income	**7**	2
	6,213	9,279
Revenue from other sources		
Interest income on margin financing activities	**8**	337
Dividend income from investments at FVTPL	**–**	35
Fair value losses from the sales of investments at FVTPL, net	**–**	(436)
	8	(64)
Total revenue	**6,221**	9,215

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income and gains, net		
Bank interest income	**375**	5
Other interest income	**62**	6
Dividend handling charge and other surcharge	**384**	164
Fair value gains from the sales of investments at FVTPL, net	**181**	–
Government grants	**–**	923
Others	**23**	145
Total other income and gains, net	**1,025**	1,243
Total	**7,246**	10,458
Timing of revenue recognition		
At a point in time	**6,213**	9,112
Transferred over time	**–**	167
	6,213	9,279

5. FINANCE COSTS

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interests on borrowings *(note)*	**4,803**	338
Interest on lease liabilities	**128**	370
Other finance costs	**–**	300
	4,931	1,008

Note: Interests on borrowings included imputed interest of HK$1,769,000 (six months ended 30 September 2022: Nil) on a borrowing from the immediate holding company. Details of the borrowing are set out in note 14(b).

6. LOSS BEFORE TAX

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

	Note	**For the six months ended 30 September** **2023** **(Unaudited)** ***HK$'000***	2022 (Unaudited) *HK$'000*
Employee benefit expenses (excluding directors' remuneration):			
Salaries and allowances		**16,296**	21,775
Retirement benefit scheme contributions (defined contribution scheme)		**345**	489
		16,641	22,264
Depreciation of property, plant and equipment		**2,152**	2,967
Provision/(reversal of provision) for impairment loss of accounts receivable, net	*11*	**15**	(26)
Provision for impairment loss of a loan receivable	*10*	**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.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 September 2023 and 2022.

8. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(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$47,034,000 (six months ended 30 September 2022: HK$38,170,000), and the weighted average number of ordinary shares of 19,143,179,880 (six months ended 30 September 2022: 18,681,761,880) in issue during the period.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss for the period attributable to the Shareholders of HK$47,034,000 (six months ended 30 September 2022: HK$38,170,000), and the weighted average number of ordinary shares of 19,143,179,880 in issue during the period (six months ended 30 September 2022: 18,681,761,880).

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2023 and 2022 in respect of a dilution. The calculation of diluted loss per share for the six months ended 30 September 2023 and 2022 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 2023 (six months ended 30 September 2022: Nil).

10. LOAN RECEIVABLE

	30 September 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
Loan receivable	**5,850**	5,850
Less: Provision for impairment loss	**(1,775)**	(475)
	4,075	5,375

The loan receivable as at 30 September 2023 was unsecured, interest-free and has no fixed repayment terms. In the opinion of the Directors, the amount will be settled within next twelve months after the end of reporting period. Accordingly, the amount is classified as current.

Loan receivable, determined based on its age since the effective draw down date of the loan, was aged over 1 year, as at 30 September 2023 (31 March 2023: 181 to 365 days).

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

At 30 September 2023 (unaudited)

	Stage 1 *HK$'000*	**Stage 2** *HK$'000*	**Stage 3** *HK$'000*	**Total** *HK$'000*
At beginning of period	**475**	**–**	**–**	**475**
Transfer from stage 1 to stage 2	**(475)**	**475**	**–**	**–**
Provision for impairment loss	**–**	**1,300**	**–**	**1,300**
At end of period	**–**	**1,775**	**–**	**1,775**
Expected credit loss (the "ECL") rate	**N/A**	**30%**	**N/A**	**30%**

At 31 March 2023 (audited)

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
At beginning of year	–	–	–	–
Provision for impairment loss	475	–	–	475
At end of year	475	–	–	475
ECL rate	8%	N/A	N/A	8%

11. ACCOUNTS RECEIVABLE

	30 September 2023 (Unaudited) *HK$'000*	31 March 2023 (Audited) *HK$'000*
Accounts receivable arising from the ordinary course of business of:		
– Global market business		
Securities brokerage business		
Margin clients	**103**	6
Clearing houses	**–**	49
Futures brokerage business	**–**	2
Advisory business	**3,687**	62
– Insurance brokerage business	**517**	1,157
	4,307	1,276
Less: Provision for impairment loss	**(21)**	(6)
	4,286	1,270

At 1 April 2022, 31 March 2023 and 30 September 2023, accounts receivable from contracts with customers amounted to approximately HK$4,354,000, HK$1,215,000 and HK$4,183,000 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 8.69% to 13.25% per annum as at 30 September 2023 (31 March 2023: 6.83% to 19.33% per annum). The settlement terms of accounts receivable attributable to dealing in futures transactions are repayable on demand or according to agreed repayment schedules, 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 gross accounts receivable as at the end of the reporting period, based on the trade date, was as follows:

	30 September 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
Within 90 days	**3,783**	142
Between 91 to 180 days	**151**	488
Between 181 to 365 days	**–**	–
Over one year	**373**	646
	4,307	1,276

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

	30 September 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
At beginning of period/year	**6**	73
Provision for impairment loss	**15**	2,973
Uncollective amounts written off *(note)*	**–**	(3,040)
At end of period/year	**21**	6

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

12. ACCOUNTS PAYABLE

The balances as at 30 September 2023 and 31 March 2023, based on the trade date, were all aged within 90 days.

13. OTHER PAYABLES AND ACCRUALS

	30 September 2023 (Unaudited) HK$'000	31 March 2023 (Audited) HK$'000
Accrued expenses	**8,644**	14,142
Interest payables	**7**	18
Other payables	**30**	64
	8,681	14,224

14. BORROWINGS

	30 September 2023 (Unaudited) HK$'000	31 March 2023 (Audited) HK$'000
Current:		
Bank borrowing, unsecured *(note a)*	**30,000**	30,000
Non-current:		
Borrowing from the immediate holding company, unsecured *(note b)*	**–**	34,057
Other borrowing, unsecured *(note c)*	**37,154**	–
Total borrowings	**67,154**	64,057

Notes:

(a) In July 2022, the Company obtained an unsecured banking facility of HK$30,000,000 bearing interests at 1-month Hong Kong Dollar Funding Rate plus 4% per annum and repayable in June 2023. The unsecured banking facility was guaranteed by two wholly-owned subsidiaries of the Company. In June 2023, the banking facility was extended to be repayable in November 2023.

(b) 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. As 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. As 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 was reclassified into equity in the condensed consolidated statement of financial position from the date of the deed of confirmation.

During the six months ended 30 September 2023, no conversion rights attaching to the convertible borrowing were exercised.

(c) 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 (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 13.29% 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 are unsecured.

As 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$36,214,000 and approximately HK$3,786,000 respectively. The fair value of the liability component of convertible borrowing of HK$36,214,000 represented the net present value of the cash flow associated with the Convertible Bonds. As at 30 September 2023, the carrying amount of the liability component of the Convertible Bonds was approximately HK$37,154,000, after recognising imputed interest expense of approximately HK$1,740,000; offset by interest payment of HK$800,000 made during the six months ended 30 September 2023.

During the six months ended 30 September 2023, no conversion rights attaching to the Convertible Bonds were exercised. The outstanding principal amount of the Convertible Bonds as at 30 September 2023 amounted to HK$40,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

BUSINESS AND FINANCIAL REVIEW

Liquidity, financial resources and capital structure

As at 30 September 2023, the Group had total assets, net current assets and net assets of approximately HK$106 million (31 March 2023: HK$117 million), approximately HK$29 million (31 March 2023: HK$30 million) and approximately HK$26 million (31 March 2023: HK$34 million) respectively, and cash and bank balances of approximately HK$56 million (31 March 2023: HK$65 million). The current ratio (current assets/current liabilities) was 1.73 (31 March 2023: 1.63). The Group had an unsecured bank borrowing of approximately HK$30 million (31 March 2023: HK$30 million). The Group had an unsecured borrowing of approximately HK$34 million from the immediate holding company as at 31 March 2023. Gearing ratio, calculated on the basis of the Group's borrowings divided by the equity attributable to the Shareholders was 259.6% as at 30 September 2023 (31 March 2023: 190.4%).

The borrowings of the Group carried floating interest rates calculated by reference to the lender's costs of funds were made in Hong Kong dollar. Borrowing cost of approximately HK$1.7 million included in finance cost of HK$4.9 million for the six months ended 30 September 2023 (the "Period") was incurred on the issuance of the Convertible Bonds. Total finance costs for the Period increased by 389.2% as compared to the corresponding period in 2022 of approximately HK$1.0 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/
	2023	2022	(decrease)
	HK$'000	*HK$'000*	
Consolidated turnover	**6,221**	9,215	(32.5)%
Operating expenses	**47,197**	44,648	5.7%
Consolidated net loss	**47,034**	38,165	23.2%

For the Period, the Group's consolidated revenue decreased to approximately HK$6 million as a result of a fall in business volume caused by the decline in primary and secondary capital markets activities.

Operating expenses, amounted to approximately HK$47 million, remained stable for the corresponding period in 2022 of approximately HK$45 million. Total employee benefit expenses (including directors' remuneration) amounted to approximately HK$22 million for the Period (corresponding period in 2022: HK$27 million). Consultancy, legal and professional fees amounted to approximately HK$6 million (corresponding period in 2022: approximately HK$6 million) were incurred for the Period mainly for hiring of external legal consultants to deal with certain licensing issues and operational matters.

The Group recorded a consolidated net loss attributable to Shareholders for the Period of approximately HK$47 million (corresponding period in 2022: HK$38 million), primarily due to the combined effect of (i) decrease in revenue and other income of approximately HK$3 million; (ii) increase in information technology and maintenance expenses of approximately HK$8 million; (iii) increase in provision for impairment loss of a loan receivable of approximately HK$1 million; (iv) increase in finance costs of approximately HK$4 million; (v) reduction of employee benefit expenses of approximately HK$5 million; and (vi) reduction of other operating expenses of approximately HK$2 million for the Period. Basic loss per share was approximately HK0.25 cents (corresponding period in 2022: HK0.20 cents); diluted loss per share was approximately HK0.25 cents (corresponding period in 2022: HK0.20 cents).

The Group had no capital commitment as at 30 September 2023 (31 March 2023: Nil). In light of the amount of liquid assets on hand and banking facilities available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements. As at 30 September 2023, the Group had shareholders' funds of approximately HK$26 million (31 March 2023: HK$34 million).

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.

Segmental revenue	**For the six months ended 30 September**		(Decrease)/
	2023	2022	increase
	HK$'000	*HK$'000*	
Global markets business	**5,767**	6,968	(17.2)%
Asset management business	**214**	167	28.1%
Insurance brokerage business	**240**	2,080	88.5%
Total revenue	**6,221**	9,215	(32.5)%

Global Markets Business

Our global markets business offers 1) investment banking services, including but not limited to mergers and acquisitions ("M&A") advisory, financial advisory, placing and underwriting business and structured financing, and 2) a global, hybrid, multi-asset brokerage platform. The slowdown in overall capital market activities, such as IPOs and debt offerings in Hong Kong and tougher financing conditions due to the heighted interest rate environment and slowdown in secondary trading volume, adversely affected our global markets business. As a result, the revenue for the Period decreased by approximately 17.2% to approximately HK$6 million from approximately HK$7 million during the corresponding period in 2022. In light of the reopening of the China border, we have been discussing with potential cooperation partners to target marketing to the clients in Mainland China on investment banking services, including but not limited to M&A advisory, financial advisory, placing and underwriting businesses.

The Group has successfully upgraded the trading systems and migrated clients to the new platform during the Period. Clients can trade global listed equities and fixed income on the web portal or mobile application ARTA ONE. It also offers high-touch services for over-the-counter instruments. The Group has rebranded the collective offering of low-touch and high-touch product and services as "FinPro".

The Group has ramped up product offering via multiple global partnership. In April 2023, The Group jointly launched a principal-protected structured product with 9% risk control mechanism linked to the FactSet Hywin Global Health Care IndexTM with Hywin International and Leonteq. In August 2023, the tripartite partnership jointly launched "Global Mega-Trends Series" principal-protected notes. The Group is also the distributor of the two products.

The Group has been expanding its product offering to cash-settle digital asset-linked products, including exchange traded products, futures and options, and structured products. In April 2023, the Group has set up a strategic collaboration with Global Futures and Options Limited ("GFO-X") to create new and innovative digital asset derivative products tailored for both Asian and British/European customer base. The Group also acts as the exclusive distributor of digital asset structured products of Enhanced Digital Group UK Limited in Hong Kong.

Asset Management Business

Our asset management business offers traditional asset management products and services, including investment advisory, portfolio management and transaction execution, to professional and institutional investors. The business continued growth in client base and assets under management through organic expansions. During the Period, our asset management business revenue increased by 28.1% to approximately HK$0.2 million from approximately HK$0.1 million during the corresponding period in 2022. In light of the adverse market conditions and the increasing interest rate environment during the Period, we have observed a notable decline in risk appetite among our clients. Consequently, we have introduced treasury management and principal protected strategies to better align with the changing risk landscape. These measures aim to provide our clients with more conservative and secure investment options under the current macro environment. The business hosted several client engagement events and roadshows to showcase our unique and innovative investment solutions and capabilities to potential high-net-worth investors. These partnerships have enabled us to tap into their established networks and referral channels, allowing us to reach a larger audience of individuals who have a need for setting up family offices or require comprehensive wealth planning services. By collaborating with these trusted partners, we have expanded our distribution channels and gained access to a wider pool of potential 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 Period, our insurance brokerage business revenue decreased by approximately 88.5% to approximately HK$0.2 million from approximately HK$2 million during the corresponding period in 2022. To capitalize the substantial growth in demand of insurance products after the reopening of the borders, the Group actively explores collaborations with strategic partners and service providers to enhance our reach and cater to the evolving needs of clients through joint marketing and referrals.

Achievements

The Group is expanding its service and product scope to blockchain (Distributed ledger technology-based) ("DLT-based") programable payment and investment. In October 2023, the Group completed the proof-of-concept on executing programmable payment for atomic settlement of tokenized fund via smart contracts of a hypothetical e-HKD. This DLT-based solution makes fund investment process more time-efficient and cost-effective, enabling financial inclusion, reducing counterparty risks, and unlocking values in liquid balance.

In November 2023, the Group announced the development of regulated, interoperable fund tokens on major chains and will collaborate with US-based Chainlink Labs to use the latter's Proof of Reserve and Cross-Chain Interoperability Protocol. The regulated, interoperable fund tokens will deliver fiat-based investment return to our clients.

FINANCIAL ASSETS AND INVESTMENTS

At the end of the Period, the Group had a non-current financial asset at FVOCI of approximately HK$4 million (31 March 2023: HK$4 million) and a current financial asset at FVTPL of approximately HK$2 million (31 March 2023: a non-current financial asset at FVTPL of approximately HK$2 million). Each of the above assets carry value less than 5% of the total assets of the Group as at 30 September 2023.

Financial Asset at FVOCI

As at 30 September 2023, the Group had a non-current financial asset at FVOCI of approximately HK$4 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 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 3.8% of the total assets of the Group of HK$106 million as at 30 September 2023. The fair value of the financial asset is determined by reference to independent valuation. During the Period, fair value loss on financial assets at FVOCI of approximately HK$0.4 million was recorded.

Financial Asset at FVTPL

As at 30 September 2023, the Group had a current financial asset at FVTPL of approximately HK$2 million (31 March 2023: a non-current financial asset at FVTPL of approximately HK$2 million), representing a loan purchase agreement entered between 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 will 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 is determined to be unquoted in an active market. As at 30 September 2023, the Directors considered that the carrying amount of the convertible loan was approximately HK$1.5 million (31 March 2023: HK$1.5 million). During the Period, no change in fair value was recorded to profit or loss.

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 as at 30 September 2023.

PLEDGE OF ASSETS

As at 30 September 2023 and 30 September 2022, bank borrowing of HK$30 million was guaranteed by corporate guarantees given by two wholly-owned subsidiaries of the Company.

EVENT AFTER THE REPORTING PERIOD

On 24 November 2023, the Company and the immediate holding company entered into a 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 million, bearing interest at 6.5% per annum, which is on normal commercial terms or better (the "Shareholder's Loan"). The Company shall have the sole discretion to determine the repayment date for the principal and the interests of the Shareholder's Loan. On 27 November 2023, the Group's net cash flows was increased by HK$40 million from the proceeds of the Shareholder's Loan.

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 reporting period ended 30 September 2023.

CONTINGENT LIABILITIES

Save as disclosed elsewhere in this announcement, the Group is not aware of other material contingent liabilities as at 30 September 2023.

PROSPECTS

Our global markets business will continue to devote resources into DLT-based application and infrastructure for primary issuance, brokerage and asset management. We are seeing significant growth in demands for cash management products with daily liquidity from both web3 users and traditional investors. The Group is dedicated to being a forerunner to redefine the "Future of Finance", including further development of disruptive DLT-based financial solutions that makes programmable payment and investment more efficient, secure, and accessible.

In December 2023, the Group will jointly published a white paper with technology partner Emali Limited and PricewaterhouseCoopers Hong Kong to deep dive the results and findings from the e-HKD Pilot Programme use case. The white paper will incorporate insights and feedback from different financial institutions (contributors) on the prospective usage of e-HKD in the context of programmable payment and investment. The contributors will include global payment companies, licensed corporations, digital asset exchanges from UK, Singapore, Mainland China and Hong Kong.

The Group recognizes the importance of leveraging technology to enhance its asset management capabilities and provide efficient and scalable investment solutions. In line with this objective, we are actively seeking strategic partnerships with industry-leading wealthtech providers to explore the application of AI technologies in asset allocation. Through strategic collaborations with wealthtech partners, we are confident that we can further enhance our asset management business by leveraging AI technologies. This collaboration will enable us to provide efficient, scalable, and personalized investment solutions to our clients, while staying at the forefront of technological advancements in the wealth management industry.

The Group is actively working towards expanding its market reach via strategic marketing initiatives not only targeting at the Hong Kong and GBA region but also rest of Mainland China. We have engaged in active discussions with potential partners to capture strong demands for financial services due to reopening of the China border and the talents promotion schemes offered by the Hong Kong government. With the recent 2023 Policy Address reintroducing the Capital Investment Entrant Scheme, the Group aims to solidify its leading position as an integrated platform offering comprehensive financial securities and insurance services to high-net-worth individuals and family offices.

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 30 September 2023, the Group employed 41 staff members including the Executive Directors of the Company (30 September 2022: 57 staff members). Staff costs incurred for the Period, including directors' remuneration, were HK$22 million (corresponding period in 2022: HK$27 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.

Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market condition 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 six months ended 30 September 2023, 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 six months ended 30 September 2023 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 six months ended 30 September 2023, 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 (the "AGM"). Dr. Cheng Chi-Kong, Adrian *SBS, JP*, the Chairman of the Board, was unable to attend the AGM due to other business commitments. Mr. Lau Fu Wing, Eddie, the then 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 10 of the Listing Rules as its own code of conduct regarding its Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by directors during the six months ended 30 September 2023.

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 2023 will be despatched to the Shareholders and available on the above websites in due course.

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

Hong Kong, 27 November 2023

As at the date of this announcement, the Board comprises the following Directors:–

Executive Directors:
Mr. Lau Fu Wing, Eddie *(Co-Chief Executive Officer)*
Ms. Li Chuchu, Tracy *(Chief Financial Officer)*

Non-executive Directors:
Dr. Cheng Chi-Kong, Adrian *SBS, JP (Chairman)*
Mr. Han Kam Leung, Michael

Independent Non-executive Directors:
Ms. Ling Kit Sum Imma
Mr. Lo Chun Yu Toby
Dr. Tam Lai Fan Gloria