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## **ARTA TECHFIN CORPORATION LIMITED**

### **裕承科金有限公司**

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

**(Stock Code: 279)**

#### **(1) Business Update**

#### **(2) Update on Current Performance against the Forecast (in Resumption Announcement)**

This announcement is made by Arta TechFin Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). The purpose of this announcement is to keep the shareholders of the Company (“**Shareholders**”) and potential investors informed of the latest business development of the Group, since its announcement dated 29 October 2021 (the “**Resumption Announcement**”) and the publication of its interim report 2021/2022, and the financial performance of the Group in the context of the Forecast (as defined in the Resumption Announcement), in compliance with the requirements of Rule 13.24B and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the inside information provisions under Part XIVA of the Securities and Futures Ordinance.

#### **(1) Business Update**

The Group continues to be engaged in (a) global markets business (comprising securities and futures brokerage businesses, corporate and securities advisory, placing, underwriting and margin financing businesses) (“**IB**”), (b) securities advisory and asset management (“**AM**”) and (c) the provision of insurance brokerage and financial planning services (“**IS**”).

The Group continues to be committed in executing its business model and strategy, as detailed in the Resumption Announcement, which includes the development of technological capabilities in financial services (“**TechFin**”) through proprietary engineering and strategic partnership, with a view to transforming engagement and interaction with as well as redefining deliveries of financial services to its clients.

In this connection, the Group is pleased to announce that it has entered into a memorandum of understanding with Mr. Guo Dan (“**Mr. Guo**”) in relation to the formation of, and possible investment in, a venture to establish a cloud-based technology platform supporting front-end and back-end financial services as a total solutions package to hedge funds, institutional investors and other financial services providers. Mr. Guo brings to the venture his expertise, experience and proven track record in building successful information technology companies while, if the Group proceeds with its investment, it could also bring to the venture its knowledge of financial services processes and user requirements.

Mr. Guo is a highly respected member of the PRC technology community and was one of the co-founding members of Baidu (NASDAQ: BIDU, HKEX: 9888), the world’s largest Chinese search engine company. He served as the Senior Director of Baidu.com and head of Research & Development, Product Marketing and Quality Assurance. Since then, Mr. Guo served as an Executive-in-residence at XSeed Capital from 2012 to 2014 and founded Dingfu Data, a smart investment and research platform in 2015.

## **(2) Update on Current Performance against the Forecast**

### ***IB***

In Hong Kong, where the Group operates, the equity capital markets primary issuance volumes deteriorated significantly in terms of both funds raised and number of transactions, with only approximately HK\$45,458 million raised through Hong Kong initial public offerings (“**IPOs**”) in the last quarter of 2021 (representing approximately 13.7% of the total funds raised in that year), and only approximately HK\$5,807 million being raised from IPOs in January 2022 (or approximately 53.4% of IPO funds raised in January 2021). Debt capital markets primary activities also declined considerably in terms of funds raised, with Hong Kong listed issuers raising only approximately US\$30,949 million through debt issuances in the last quarter of 2021 (representing approximately 17.2% of the total funds raised in that year) and only approximately US\$12,631 million being raised from debt issues in January 2022 (or approximately 54.1% of primary debt capital raised in January 2021).

Trading volume on the Hong Kong Stock Exchange in the fourth quarter of 2021 was approximately HK\$7,822 billion (or approximately 19.0% of the total trading volume in that year) and only approximately HK\$2,696 billion in January 2022 (or approximately 55.1% of the trading volume in January 2021).

These conditions have adversely impacted the Group’s IB business in terms of decreased brokerage volume, margin financing income and placing and underwriting income due to lower market trading volume, primary equity and debt market activity and consequential deferral of the Group’s deal pipeline.

## ***AM***

The Group had planned to launch a number of funds that invest in the technology companies and property sectors in China. Ongoing regulatory actions affecting technology companies and financial problems among property companies in China have created uncertainty in those market sectors, dampening investors' appetite for exposure to them, as well as investment sentiment generally. The revenue for the Group's AM business has been negatively impacted as a result.

## ***IS***

The Group's IS business has been negatively impacted by the repeated delay in the re-opening of Hong Kong's border with the Mainland. The flow of visitors from the Mainland to Hong Kong, on which the IS business depends, has been severely restricted. In addition, it took the Group longer than expected to obtain the approval of the Insurance Authority for the new responsible officer for its IS business.

### ***Unlikely to meet the Forecast***

In view of the impact of the adverse market conditions described above and the uncertainty as to the timing of a turnaround on the back of the ongoing coronavirus spread globally and the geopolitical conflict between Russia and Ukraine and their wider implications, the Board considers that it is unlikely that the Group will be able to achieve the forecast results contained in the Resumption Announcement. Based on the unaudited management accounts of the Group for the 10 months ended 31 January 2022 (the "**Period**"), the unaudited consolidated revenue attributable to each of the IB, AM and IS segments for the Period was approximately HK\$30 million, HK\$7 million and HK\$3 million, respectively, and the Group recorded unaudited consolidated operating loss after excluding the Excluded Items (as defined in the Resumption Announcement) of approximately HK\$14 million for the Period.

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

Hong Kong, 28 February 2022

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