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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)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Sole Overall Coordinator



Joint Placing Agents



THE PLACING AND SUBSCRIPTION AGREEMENT

On 24 March 2023 (after trading hours), to raise gross proceeds of up to approximately HK\$23.00 million and to strengthen its shareholder and capital base, the Company entered into the Placing and Subscription Agreement with the Vendor and the Placing Agents, pursuant to which:

- (i) the Vendor (being the Company's majority Shareholder) has agreed to sell and the Placing Agents have severally (and not jointly nor on a joint and several basis) agreed on a best effort basis to place to no less than six independent third party places up to 209,082,000 Shares held by the Vendor (representing approximately 1.10% of the total number of Shares in issue as at the date of this announcement) at the Vendor Placing Price of HK\$0.110 per Share; and

- (ii) subject to the fulfilment of conditions in the Placing and Subscription Agreement and as disclosed in this announcement, the Vendor has agreed to subscribe for, and the Company has agreed to issue such number of new Shares being equivalent to the number of Shares actually sold by the Placing Agents in the Vendor Placing, at the Subscription Price of HK\$0.110 per Share, which is equivalent to the Vendor Placing Price.

The maximum number of Subscription Shares is 209,082,000 new Shares, and represents approximately 1.10% of the total number of Shares in issue as at the date of this announcement and approximately 1.09% of the number of Shares in issue as enlarged by the allotment and issue of the maximum number of Subscription Shares (assuming that there will be no change in the number of Shares in issue from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

The Company will raise gross proceeds up to approximately HK\$23.00 million (or net proceeds up to approximately HK\$22.36 million) from the issue of the maximum number of Subscription Shares. The maximum net Subscription Price per Share is approximately HK\$0.107 per Share. The Vendor Placing Price and the Subscription Price are both HK\$0.110 per Share, which represents:

- (a) a discount of approximately 3.51% to the closing price of HK\$0.114 per Share as quoted on the Stock Exchange on 24 March 2023, the date of the Placing and Subscription Agreement;
- (b) a premium of approximately 3.77% to the average closing price of approximately HK\$0.106 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days prior to and including 23 March 2023, the last Trading Day prior to the date of the Placing and Subscription Agreement; and
- (c) a premium of approximately 6.90% to the average closing price of approximately HK\$0.103 per Share as quoted on the Stock Exchange for the last ten consecutive Trading Days prior to and including 23 March 2023.

The Company intends to apply the net proceeds for firmwide upgrade of IT hardware and software (mainly to enhance cyber-security and infrastructural integrity), expansion and upgrade of IT operating infrastructure including in-house and external software development (mainly for its client-facing systems trading system and custodian systems, as well as blockchain-related and cryptographic solutions), expansion of asset management fund product offerings and related marketing, local and global brand building and marketing and establishment of presence in non-Hong Kong markets, funding possible strategic investments and associated costs and general working capital.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Vendor holds 14,011,317,504 Shares, representing approximately 74.00% of the total number of Shares in issue. The Vendor, being an associate of Dr. Cheng and the majority Shareholder, is a connected person of the Company under the Listing Rules. The issue of Subscription Shares to the Vendor under the Subscription (if effected within 14 days from the date of the Placing and Subscription Agreement) constitutes an exempted connected transaction of the Company under Rule 14A.92(4) of the Listing Rules.

The Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the 2022 AGM, whereby the Board was authorised to allot and issue up to 3,736,352,376 new Shares.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, the Vendor Placing is being conducted on a best effort basis and completion of the Subscription is subject to the satisfaction of the conditions in the Placing and Subscription Agreement. As the Vendor Placing and the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 24 March 2023 (after trading hours), the Company entered into the Placing and Subscription Agreement with the Vendor and the Placing Agents.

To raise maximum gross proceeds of approximately HK\$23.00 million and to strengthen the Company's shareholder and capital base, the Placing and Subscription Agreement provides that:

- (i) the Vendor (being the Company's majority Shareholder) has agreed to sell and the Placing Agents have severally (and not jointly nor on a joint and several basis) agreed on a best effort basis to place to no less than six independent third party places up to 209,082,000 Shares held by the Vendor (representing approximately 1.10% of the total number of Shares in issue) at the Vendor Placing Price of HK\$0.110 per Share; and
- (ii) subject to the fulfilment of conditions in the Placing and Subscription Agreement and as disclosed in this announcement, the Vendor has agreed to subscribe for, and the Company has agreed to issue such number of new Shares being equivalent to the number of Shares actually sold by the Placing Agents in the Vendor Placing, at the Subscription Price of HK\$0.110 per Share, which is equivalent to the Vendor Placing Price.

THE PLACING AND SUBSCRIPTION AGREEMENT

The principal terms of the Placing and Subscription Agreement are set out below.

Date

24 March 2023

Parties

The parties of the Placing and Subscription Agreement are as follows:

- (1) the Company (as issuer of the Subscription Shares);
- (2) the Vendor (as seller of the Vendor Placing Shares and subscriber of the Subscription Shares). As at the date of this announcement, the Vendor holds 14,011,317,504 Shares, representing approximately 74.00% of the total number of Shares in issue. The Vendor is indirectly wholly owned by Dr. Cheng, a Non-executive Director and the chairman of the Company; and
- (3) CMBI (as sole overall coordinator and joint Placing Agent) and CLSA (as joint Placing Agent).

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Placing Agents is independent of, and not connected with the Company and its connected persons.

(i) The Vendor Placing

Vendor Placing Shares

The Vendor has agreed to place up to a total of 209,082,000 Shares through the Placing Agents under the Vendor Placing. The maximum number of Vendor Placing Shares represents (i) approximately 1.10% of the total number of Shares in issue as at the date of this announcement, and (ii) approximately 1.09% of the total number of Shares in issue as enlarged by the allotment and issue of the maximum number of Subscription Shares (assuming that there will be no change in the number of Shares in issue from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

The Vendor Placing Shares will be sold free from all mortgages, pledges, liens, charges and encumbrances, claims, options and third party rights, and shall have all rights attaching to them at the date of the Placing and Subscription Agreement, including the right to receive all dividends or other distributions declared, made or paid on the Vendor Placing Shares where the record date for such dividends or other distributions falls on and after the date of the Placing and Subscription Agreement. The Vendor Placing Shares will also rank *pari passu* in all respects with the other Shares in issue.

Placees

The Placing Agents have severally (and not jointly nor on a joint and several basis) agreed on a best effort basis to place the Vendor Placing Shares to no less than six independent placees which are professional, institutional or other investors. The placees and their respective ultimate beneficial owners will be third parties independent of the Company and its connected persons and will not become substantial shareholders (as defined in the Listing Rules) of the Company immediately upon completion of the Vendor Placing and the Subscription.

Vendor Placing Price

The Vendor Placing Price (being the same as the Subscription Price) is HK\$0.110 per Share and represents:

- (a) a discount of approximately 3.51% to the closing price of HK\$0.114 per Share as quoted on the Stock Exchange on 24 March 2023, the date of the Placing and Subscription Agreement;
- (b) a premium of approximately 3.77% to the average closing price of approximately HK\$0.106 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days prior to and including 23 March 2023, the last Trading Day prior to the date of the Placing and Subscription Agreement; and
- (c) a premium of approximately 6.90% to the average closing price of approximately HK\$0.103 per Share as quoted on the Stock Exchange for the last ten consecutive Trading Days prior to and including 23 March 2023.

The Vendor Placing Price was determined after arm's length negotiations between the Company, the Vendor and the Placing Agents, with reference to the prevailing market price of the Shares. The Board (including the Independent Non-executive Directors) considers the Vendor Placing Price to be fair and reasonable under the current market conditions and is in the best interests of the Company and the Shareholders as a whole.

The Company shall bear all costs and expenses (together with commission payable by the Vendor) incurred by the Vendor attributable to the number of Vendor Placing Shares equal to the number of Subscription Shares subscribed for by the Vendor.

Commission

Upon completion of the Vendor Placing, the Vendor shall pay the Placing Agents an aggregate fixed placing commission of HK\$200,000 and an aggregate discretionary fee of up to 1.00% of the aggregate Vendor Placing Price of the Vendor Placing Shares actually placed by the Placing Agents.

The placing commission under the Placing and Subscription Agreement was determined after arm's length negotiations between the Vendor and the Placing Agents with reference to the prevailing market condition.

Completion of the Vendor Placing

Unless the Placing and Subscription Agreement is terminated as set out below, completion of the Vendor Placing is expected to take place on 29 March 2023 or such other date as the Vendor and the Placing Agents may agree.

Termination of the Vendor Placing

At any time before 8:00 a.m. on 29 March 2023 or such other time or date as the Vendor and the Placing Agents shall agree on which completion of the Vendor Placing shall take place, each Placing Agent may in its sole discretion elect to either: (A) terminate the Placing and Subscription Agreement without liability by giving notice in writing to the Vendor and the Company; or (B) purchase or procure purchasers of such lesser number of the Vendor Placing Shares as each Placing Agent may in its sole discretion determine at the Placing Price if:

- (a) there occurs (i) any breach of, or any event rendering untrue, incorrect or breached in any respect, any of the representations, warranties or undertakings given by the Company and the Vendor referred to in the Placing and Subscription Agreement or (ii) any material breach of, or failure to perform, any of the other obligations of the Company or the Vendor which are required to be performed at or before the completion of the Vendor Placing;
- (b) there develops, occurs or comes into force of:
 - (i) any suspension or limitation of trading in any of the securities of the Company by the Stock Exchange (save and except for any trading halt in relation to the Vendor Placing and the Subscription) (if necessary);

- (ii) any significant event, or series of events beyond the reasonable control of the Placing Agents (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, terrorism, outbreak or escalation of hostilities (whether local, national or international), act of war and act of God);
- (iii) any significant change, or development (whether or not permanent) involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Company or the Group as a whole, whether or not arising in the ordinary course of business;
- (iv) any significant change (whether or not permanent) or any development (whether or not permanent) involving a prospective change or any crisis in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets and conditions with respect to interest rates in Hong Kong or otherwise) or foreign exchange controls in or affecting Hong Kong or elsewhere or any occurrence of a combination of any such changes or developments or crises or any deterioration of any such conditions;
- (v) the commencement by any state, governmental, judicial, regulatory or political body or organisation of any action against any Director or an announcement by any state, governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or
- (vi) the introduction of any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority,

which individually or together, in the sole opinion of any Placing Agent, prejudices or is likely to prejudice materially the success of the Vendor Placing or dealings in the Vendor Placing Shares in the secondary market or makes it or is likely to make it impracticable or inadvisable or inexpedient to proceed with the Vendor Placing on the terms and in the manner contemplated in the Placing and Subscription Agreement; or

- (c) there develops, occurs or comes into force (i) the imposition of any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, or in any securities of the Company on any stock exchange or over the counter market or (ii) any material disruption in securities settlement, payment or clearance services in Hong Kong or the PRC or the United States or (iii) the imposition of any moratorium on commercial banking activities by the authorities in Hong Kong or the PRC or the United States Federal or New York State authorities.

(ii) The Subscription

Subject to the fulfilment of the conditions in the Placing and Subscription Agreement and as described below, the Vendor has agreed to subscribe as principal for, and the Company has agreed to issue at the Subscription Price, the Subscription Shares equivalent to the number of Vendor Placing Shares actually sold under the Vendor Placing.

Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription, including the rights to all dividends and other distributions declared, made or paid at any time after the date of their allotment.

The maximum of 209,082,000 Subscription Shares (being equivalent to the maximum number of Vendor Placing Shares) represents (i) approximately 1.10% of the number of Shares in issue as at the date of this announcement, and (ii) approximately 1.09% of the number of Shares in issue as enlarged by the allotment and issue of the maximum number of Subscription Shares (assuming that there will be no change in the number of Shares in issue from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares). The aggregate nominal value of the maximum of 209,082,000 Subscription Shares will be HK\$2,090,820.

The issue of the Subscription Shares will not be subject to Shareholders' approval and the Subscription Shares will be issued under the General Mandate. Pursuant to the General Mandate granted to the Directors by a resolution of the Shareholders passed at the 2022 AGM, the Board was authorised to allot and issue up to 3,736,352,376 new Shares, being 20% of the number of Shares in issue on the date of the 2022 AGM. Up to the date of this announcement, save for the subscription by the Vendor of 252,336,000 Shares as part of the 2022 Placing and the Subscription Shares, no securities of the Company have been or agreed to be issued under the General Mandate.

Subscription Price

The Subscription Price of HK\$0.110 per Share is equal to the Vendor Placing Price. The comparisons of Subscription Price to the market price of the Shares are set out in the section headed “The Placing and Subscription Agreement – The Vendor Placing – Vendor Placing Price” above.

The maximum net price of each Subscription Share to the Company is estimated to be approximately HK\$0.107 per Share based on estimated maximum net proceeds of approximately HK\$22.36 million and an aggregate of up to 209,082,000 new Subscription Shares being issued.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:–

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares under the Placing and Subscription Agreement);
- (b) completion of the Vendor Placing having occurred pursuant to the terms of the Placing and Subscription Agreement; and
- (c) if and to the extent conditions (a) and (b) above are not fulfilled within 14 days following the date of the Placing and Subscription Agreement and the Company and the Vendor agree in writing to extend the time by which the conditions are to be fulfilled, upon the approval by Shareholders in general meeting (with the Vendor and its associates abstaining from voting) for issue of the Subscription Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the approval for the listing of, and the permission to deal in, the Subscription Shares. The Placing and Subscription Agreement has not provided for the right of the parties to waive the above conditions.

If the Subscription is not completed within 14 days after the date of the Placing and Subscription Agreement, pursuant to Chapter 14A of the Listing Rules, the Subscription will constitute a non-exempt connected transaction, and unless otherwise waived by the Stock Exchange, the Company will need to comply with the requirements of the Listing Rules, including obtaining the approval of the independent Shareholders before the Subscription can proceed.

If the conditions to the Subscription are not fulfilled within 14 days following the date of the Placing and Subscription Agreement or (if applicable) such later date as the Company and the Vendor agree in writing subject to approval by independent Shareholders, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

Completion of the Subscription

Completion of the Subscription is to take place within two business day after the date upon which the last of the conditions for the Subscription above (to the extent applicable) to be satisfied shall have been so satisfied or at such other time and/or date as the Vendor and the Company may agree in writing and in compliance with the Listing Rules.

Lock-up Undertakings

Pursuant to the terms of the Placing and Subscription Agreement,

- (a) the Vendor undertakes to the Placing Agents that (except for the sale of the Vendor Placing Shares pursuant to the Placing and Subscription Agreement, the sale of Shares by the Vendor under a “top-up placing” transaction in connection with any Permitted Issue, and the consummation of any Permitted Issue) from the date of the Placing and Subscription Agreement and on or prior to the date being 60 days after the date of the Placing and Subscription Agreement, it will not and will procure that none of its nominees, companies controlled by it or trusts associated with it (whether individually or together and whether directly or indirectly) will (without the prior written consent of the Placing Agents) (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests (whether by actual disposition or effective economic disposition or swap due to or otherwise by way of cash settlement or otherwise) or (ii) agree to enter into (conditionally or unconditionally) or enter into any swap or similar agreement or transaction with similar economic effect that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above; and

- (b) the Company undertakes to the Placing Agents that (except for any Permitted Issue) from the date of the Placing and Subscription Agreement and on and prior to the date being 60 days after the date of the Placing and Subscription Agreement it will not (without the prior written consent of the Placing Agents and such consent shall not be unreasonably withheld or delayed) (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares (where such allotment, issuance, offer or grant has not been announced by way of an announcement on the website of the Stock Exchange prior to the date of the Placing and Subscription Agreement) or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transaction described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, the shareholding structure of the Company immediately before and immediately after the Vendor Placing and the Subscription (assuming that there will be no change in the number of Shares in issue from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares) will be as follows:

Shareholder(s)	As at the date of this announcement		Immediately upon completion of the Vendor Placing ^(Note 1) but before completion of the Subscription		Immediately upon completion of the Vendor Placing ^(Note 1) and the Subscription ^(Note 2)	
	Number of Shares	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %
Vendor	14,011,317,504	74.00%	13,802,235,504	72.90%	14,011,317,504	73.19%
Public Shareholders ^(Note 3)	4,922,780,376	26.00%	4,922,780,376	26.00%	4,922,780,376	25.72%
Placees of the Vendor						
Placing Shares	—	—	209,082,000	1.10%	209,082,000	1.09%
Total	18,934,097,880	100.00%	18,934,097,880	100.00%	19,143,179,880	100.00%

Notes:

- (1) Assuming all Vendor Placing Shares are placed.
- (2) Assuming the maximum number of Subscription Shares (being 209,082,000 Shares) are issued.
- (3) Excluding the placees of the Vendor Placing Shares.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Apart from the 2022 Placing and the proposed Subscription, the Company has not conducted any fund raising activity involving the issue of equity securities in the twelve months immediately preceding the date of this announcement.

Use of Proceeds from the 2022 Placing

The table below shows the Company's deployment and proposed deployment of the net proceeds of the 2022 Placing compared with the intended use as disclosed in the Company's announcement dated 11 November 2022:

Business objectives	Intended use of net proceeds as disclosed in the announcement on the 2022 Placing <i>(approximate, HK\$' million)</i>	Utilised net proceeds as at the date of this announcement <i>(approximate, HK\$' million)</i>	Proposed application of the unutilised net proceeds <i>(approximate, HK\$' million)</i>
Firmwide upgrade of hardware and software	7	3.6	3.4
Expansion and upgrade of operating infrastructure (including brokerage trading system and custodian systems)	9	7.6	1.4
Expansion of asset management fund product offerings and related marketing	3	3	0
Brand building, marketing and establishment of presence in non-Hong Kong markets	5	4.7	0.3
Funding possible strategic investments and associated costs	1.4	1.4	0
General working capital	2.1	2.1	0
Total	27.5	22.4	5.1

The unutilised net proceeds from the 2022 Placing have already been contractually committed towards the business purposes described above and are expected to be paid within the next three months.

REASONS FOR AND THE BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in (a) global markets business (comprising securities and futures brokerage businesses and investment banking businesses), (b) asset management business, and (c) insurance brokerage business.

The operating environment of the Group's three main business lines have remained challenging during the financial year ending 31 March 2023 as noted in the Company's interim report for the six months ended 30 September 2022 and its announcement dated 15 March 2023. That said, the Group continues to be committed towards executing its business model and strategy and has been investing in the development of technological capabilities in financial services. As stated in its Interim Report, the Group is developing a wealth-management focused fintech platform across the current lines of its business, to include new services (such as asset custody and prime services), broadening product offerings (to include globally listed securities and futures as well as over-the-counter global fixed income securities and multi-asset derivatives) and alternative financial solutions via blockchain innovation. The long-term business objective of the Group is to develop a hybrid fintech platform that offers both traditional financial services and blockchain-related financial solutions.

The net proceeds of the 2022 Placing have provided necessary funding for the Group to commence a comprehensive revamp and upgrading of its operating infrastructure and to build and expand both the Group's brand and offering. However, market conditions since the 2022 Placing have been adversely affected by a combination of rising interest rates, slower than expected recovery of financial services and insurance sectors generally and the recent adverse developments in the banking sector, with respect to Silicon Valley Bank and other regional or international banks, notwithstanding the reopening of the border between Hong Kong and Mainland China in January 2023 and the relaxation of COVID-19 restrictions within Hong Kong. While these developments are likely to be a drag on the Group's revenue growth at least in the near term, the Company is focused on taking the opportunity to invest in its future in line with its vision.

The Subscription will raise gross proceeds for the Company up to approximately HK\$23.00 million (or net proceeds up to approximately HK\$22.36 million) and would provide additional liquidity for the Group to continue its development plans, increase its shareholder and capital base and allow it appropriately to manage its gearing level. Specifically, the Company intends to deploy the estimated net proceeds from the Subscription in the following manner:

Business objectives	Intended use of net proceeds <i>(approximate, HK\$' million)</i>
Firmwide upgrade of IT hardware and software (mainly to enhance cyber-security and infrastructural integrity)	2.35
Expansion and upgrade of IT operating infrastructure including in-house and external software development (mainly for its client-facing systems, trading system and custodian systems, as well as blockchain-related and cryptographic solutions)	7.06
Expansion of asset management fund product offerings and related marketing	4.12
Local and global brand building and marketing and establishment of presence in non-Hong Kong markets	4.12
Funding possible strategic investments and associated costs	1.77
General working capital	2.94
Total	22.36

The Board (including the Independent Non-executive Directors) considers the Subscription to be on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, having taken into account the Subscription Price being close to the five-day average closing price of the Shares such that the dilutive effect of the issue of the Subscription Shares to existing Shareholders is limited. The Company will consider raising further financing as and when business needs require.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Vendor holds 14,011,317,504 Shares, representing approximately 74.00% of the total number of Shares in issue. The Vendor, being an associate of Dr. Cheng and the majority Shareholder, is a connected person of the Company under the Listing Rules. The issue of Subscription Shares to the Vendor under the Subscription (if effected within 14 days from the date of the Placing and Subscription Agreement) constitutes an exempted connected transaction of the Company under Rule 14A.92(4) of the Listing Rules.

Dr. Cheng is a Non-executive Director and the chairman of the Company, and indirectly wholly owns the Vendor. Accordingly, Dr. Cheng has abstained from voting on the Board resolution to approve the terms of the Placing and Subscription Agreement and the transactions contemplated thereunder.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Vendor Placing is being conducted on a best effort basis and the completion of the Subscription is subject to the satisfaction of the conditions in the Placing and Subscription Agreement. As the Vendor Placing and the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“2022 AGM”	the annual general meeting of the Shareholders held on 8 August 2022
“2022 Placing”	the issue of 252,336,000 Shares as part of the vendor placing exercise pursuant to the placing and subscription agreement dated 1 November 2022 that was the subject of the Company’s announcements dated 1 November 2022 and 11 November 2022
“Board”	the board of Directors
“CLSA”	CLSA Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 7 (providing automated trading services) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“CMBI”	CMB International Capital Limited
“Company”	Arta TechFin Corporation Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 279)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Cheng”	Dr. Cheng Chi-Kong, Adrian <i>JP</i> , a Non-executive Director and the chairman of the Company, and an indirect majority Shareholder
“General Mandate”	the general authority granted to the Directors to allot, issue and otherwise deal with new Shares not exceeding 20% of the total number of issued Shares as at the date of the 2022 AGM, by the Shareholders at the 2022 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Permitted Issue”	means (i) the Subscription Shares; or (ii) any other new Shares or securities convertible into Shares that may be issued by the Company pursuant to the General Mandate to raise proceeds (net of related expenses) of up to US\$15 million or its equivalent in other currencies
“Placing Agents”	CMBI and CLSA collectively; and each a “Placing Agent”
“Placing and Subscription Agreement”	an agreement dated 24 March 2023 entered into among the Company, the Vendor and the Placing Agents in relation to the Vendor Placing and the Subscription

“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant and subject to the terms and conditions under the Placing and Subscription Agreement
“Subscription Price”	HK\$0.110 per Subscription Share, which is equal to the Vendor Placing Price
“Subscription Shares”	up to 209,082,000 new Shares to be issued by the Company to the Vendor under the Subscription pursuant to the General Mandate; and each a “Subscription Share”
“Trading Day(s)”	any day(s) when the Stock Exchange is open for dealing business, provided that if no closing price for the Share is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days
“US\$”	United States dollar, the lawful currency of the United States of America
“Vendor”	Radiant Alliance Limited, a company incorporated with limited liability in British Virgin Islands and indirectly wholly owned by Dr. Cheng
“Vendor Placing”	the placing of Vendor Placing Shares by the Placing Agents on the terms and subject to the conditions set out in the Placing and Subscription Agreement

“Vendor Placing Price”	HK\$0.110 per Vendor Placing Share
“Vendor Placing Shares”	up to 209,082,000 Shares held by the Vendor to be placed by the Placing Agents under the Placing and Subscription Agreement on a best effort basis; and each a “Vendor Placing Share”
“%”	per cent.

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

Hong Kong, 24 March 2023

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 (Chief Financial Officer) 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.