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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)

CONTINUING CONNECTED TRANSACTIONS

(1) Extension of IBA with Concord

On 30 June 2023, Arta Asset Management entered into the Supplemental IBA with Concord to extend the term of the Concord IBA and to update the aggregate amount of services to be rendered under the Concord IBA, pursuant to which Arta Asset Management agreed to provide insurance brokerage services to Concord which was due to expire on 30 June 2023. The term is to be extended for a period from 1 July 2023 to 31 March 2024 (both dates inclusive) and the maximum amount of service fees to be charged under the Concord IBA (as amended by the Supplemental IBA) for the period from 1 July 2023 to 31 March 2024 is not to exceed HK\$1,875,000.

(2) Extension of CTA with Concord

On 30 June 2023, Arta Global Markets entered into the Supplemental CTA with Concord to extend the term of the Concord CTA and to update the aggregate amount of services to be rendered under the Concord CTA, pursuant to which Arta Global Markets agreed to provide brokerage and custodian services to Concord which was due to expire on 30 June 2023. The term is to be extended for a period from 1 July 2023 to 31 March 2024 (both dates inclusive) and the maximum amount of service fees to be charged under the Concord CTA (as amended by the Supplemental CTA) for the period from 1 July 2023 to 31 March 2024 is not to exceed HK\$500,000.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Cheng is the ultimate beneficial owner of Radiant Alliance Limited, which holds 14,011,317,504 Shares, representing approximately 73.19% of the total issued Shares. Furthermore, Dr. Cheng and his associates have a majority interest in Concord. Therefore, Concord is an associate of Dr. Cheng and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Concord IBA (as amended by the Supplemental IBA) and the Concord CTA (as amended by the Supplemental CTA) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under the Listing Rules for the maximum amount of service fees payable by Concord to (i) Arta Asset Management under the Concord IBA (as amended by the Supplemental IBA) and (ii) Arta Global Markets under the Concord CTA (as amended by the Supplemental CTA) are, on an aggregated basis, less than 25% and the total consideration is less than HK\$10 million, the transactions contemplated under the Concord IBA (as amended by the Supplemental IBA) and the Concord CTA (as amended by the Supplemental CTA) are subject only to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

(1) Extension of the Concord IBA

As disclosed in the Resumption Announcement, Arta Asset Management entered into the Concord IBA dated 25 February 2021 (which was amended by supplemental agreements dated 28 October 2021, 31 March 2022, 30 September 2022 and 3 January 2023) with Concord pursuant to which Arta Asset Management agreed to provide insurance brokerage service to Concord.

As the Concord IBA is due to expire on 30 June 2023, Arta Asset Management entered into the Supplemental IBA with Concord on 30 June 2023 to extend the term of the Concord IBA and to update the aggregate amount of brokerage services to be rendered under the Concord IBA. All other terms of the Concord IBA remain unchanged.

The key details of the Concord IBA as amended by the Supplemental IBA are set out below:

- Parties: (i) Concord (as client)
(ii) Arta Asset Management (as broker)
- Extended term: The term of the Concord IBA shall be extended for a period from 1 July 2023 to 31 March 2024 (both dates inclusive) (the “**IBA Extended Period**”).
- Scope of services: Arta Asset Management shall provide insurance brokerage services to Concord.
- Brokerage fees: The aggregate amount of brokerage services to be rendered (calculated by reference to brokerage payable) shall not exceed HK\$1,875,000 for the IBA Extended Period (“**IBA Extended Period Cap**”).
- Payment: The rate of the brokerage payable to Arta Asset Management by Concord from time to time shall be agreed between Arta Asset Management and Concord on normal commercial terms and in any event no less favourable to Arta Asset Management than terms offered by it to other insurance companies for comparable level of insurance brokerage services on comparable products.
- Termination: Either party may terminate the Concord IBA (as amended by the Supplemental IBA) by giving 30 days’ written notice. The Concord IBA will be terminated automatically if Arta Asset Management becomes insolvent, is wound up or is in receivership.

In determining the IBA Extended Period Cap, the Company took into account the unaudited aggregate insurance brokerage incomes of the Group attributable to Concord from 1 April 2022 to 31 March 2023, the length of the IBA Extended Period and the volume of business expected to be transacted under the Concord IBA (as amended by the Supplemental IBA), and the previous cap under the Concord IBA of HK\$1,875,000 for the period from 1 April 2022 to 31 December 2022.

(2) Extension of the Concord CTA

On 4 November 2022, Arta Global Markets and Concord entered into a side letter to supplement the client trading agreement which set out the standard terms on which Arta Global Markets would provide brokerage and custodian services to its clients, with the side letter to amend the standard terms to ensure that Arta Global Markets provides brokerage and custodian services to Concord on a basis that is compliant with Chapter 14A of the Listing Rules. The side letter was supplemented by a letter agreement on 3 January 2023 to extend the term of the Concord CTA, which was due to expire on 31 December 2022, to 30 June 2023.

As the Concord CTA is due to expire on 30 June 2023, Arta Global Markets entered into the Supplemental CTA with Concord on 30 June 2023 to extend the Concord CTA and to update the aggregate amount of services to be rendered under the Concord CTA. All other terms of the Concord CTA remain unchanged.

The key terms of the Concord CTA as amended by the Supplemental CTA are set out below:

Parties:	(i) Concord (ii) Arta Global Markets (as service provider)
Extended term:	The term of the Concord CTA shall be extended for a period from 1 July 2023 to 31 March 2024 (both dates inclusive) (the “ CTA Extended Period ”).
Scope of services:	Arta Global Markets shall provide the brokerage and custodian services in relation to securities trading by its client through account(s) opened with Arta Global Markets, pursuant to the terms of its standard client trading agreement (amended by a side letter as described herein).
Service fees:	The rate of the service fees payable by each of Concord to Arta Global Markets shall be on normal commercial terms that are no less favourable to Arta Global Markets than terms offered by it to its other customers and shall follow the schedule of fees adopted by Arta Global Markets from time to time which is in turn determined by reference to (among other things) prevailing rates offered by other market intermediaries for similar services. The same fees schedule is applicable to all customers utilizing the services of Arta Global Markets pursuant to its standard client trading agreement.

The maximum service fees (the “**CTA Extended Period Cap**”) payable by Concord to Arta Global Markets in respect of the Concord CTA (as amended by the Supplemental CTA) shall not exceed HK\$500,000 for the CTA Extended Period.

Termination:

Arta Global Markets has the right to terminate the Concord CTA (as amended by the Supplemental CTA) at any time (including upon occurrence of certain termination events, e.g. non-compliance by client with terms of agreement, insolvency or liquidation/bankruptcy of client, changes in law etc.) and Concord may terminate the Concord CTA with seven business days’ written notice.

In determining the CTA Extended Period Cap, the Company took into account the unaudited aggregate brokerage and custodian services incomes of the Group attributable to Concord from 4 November 2022 to 31 March 2023, the length of the CTA Extended Period and the volume of business expected to be transacted under the Concord CTA (as amended by the Supplemental CTA), and the previous cap under the Concord CTA of HK\$500,000 for the period from 4 November 2022 to 31 December 2022.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL IBA AND THE SUPPLEMENTAL CTA

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

Arta Asset Management is a wholly-owned subsidiary of the Company which is licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities and holds an insurance broker license under the Insurance Authority to carry out general and long term business (including linked long term business) in Hong Kong. It is principally engaged in the provision of insurance brokerage service, asset management and advisory services

Arta Global Markets is a wholly-owned subsidiary of the Company which is licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. It is principally engaged in the provision of securities brokerage services.

The Concord IBA (as amended by the Supplemental IBA) and the Concord CTA (as amended by the Supplemental CTA) will enable the Company to continue the provision of insurance brokerage services to Concord, and to offer securities brokerage and custodian services to institutional and high net worth clients such as Concord, on normal commercial terms, in line with the business strategy and as part of the Group's overall effort to develop its businesses following the resumption of trading in the Company's shares on 1 November 2021.

Taking into account the above and the terms of the Concord IBA (as amended by the Supplemental IBA) and the Concord CTA (as amended by the Supplemental CTA), the Directors (including the independent non-executive Directors) are of the view that the Concord IBA (as amended by the Supplemental IBA) and the Concord CTA (as amended by the Supplemental CTA) are on normal commercial terms, are fair and reasonable, and the entering into of the same is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Cheng is the ultimate beneficial owner of Radiant Alliance Limited, which holds 14,011,317,504 Shares, representing approximately 73.19% of the total issued Shares. Furthermore, Dr. Cheng and his associates have a majority interest in Concord. Therefore, Concord is an associate of Dr. Cheng and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Concord IBA (as amended by the Supplemental IBA) and the Concord CTA (as amended by the Supplemental CTA) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under the Listing Rules for the maximum amount of service fees payable by Concord to (i) Arta Asset Management under the Concord IBA (as amended by the Supplemental IBA) and (ii) to Arta Global Markets under and the Concord CTA (as amended by the Supplemental CTA) are, on an aggregated basis, less than 25% and the total consideration is less than HK\$10 million, the transactions contemplated under the Concord IBA (as amended by the Supplemental IBA) and the Concord CTA (as amended by the Supplemental CTA) are subject only to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Concord is principally engaged in writing general insurance policies for both corporate and individual clients and it is an insurer authorised by the Insurance Authority in Hong Kong to carry on the business of writing general insurance.

Given Dr. Cheng's shareholding in the Company and his majority interest in Concord as disclosed above, Dr. Cheng has a material interest in the Concord IBA (as amended by the Supplemental IBA) and the Concord CTA (as amended by the Supplemental CTA). In addition, Ms. Li Chuchu, Tracy, an executive Director, is a director of Concord and Mr. Han Kam Leung, Michael, a non-executive Director, is a director and the chief executive officer of Concord. Dr. Cheng, Ms. Li Chuchu, Tracy and Mr. Han Kam Leung, Michael have abstained from voting on the Board resolutions in relation to the entering into of the Supplemental IBA and Supplemental CTA with Concord and the transactions contemplated thereunder.

No other Director has any material interest in the Concord IBA (as amended by the Supplemental IBA) and the Concord CTA (as amended by the Supplemental CTA) or was required to abstain from voting on the Board resolutions in relation to the same under the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Arta Asset Management”	Arta Asset Management Limited (formerly known as People Securities Company Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Arta Global Markets”	Arta Global Markets Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	ARTA TechFin Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 279)

“Concord”	Concord Insurance Company Limited, a company incorporated in Hong Kong with limited liability
“Concord IBA”	the insurance broker agreement dated 25 February 2021 entered into between Concord and Arta Asset Management as disclosed in the Resumption Announcement and as amended and supplemented by supplemental agreements dated 28 October 2021, 31 March 2022, 30 September 2022 and 3 January 2023
“Concord CTA”	the standard client trading agreement of Arta Global Markets as supplemented by a side letter entered into with Concord dated 4 November 2022 which was further supplemented by a letter agreement dated 3 January 2023
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dr. Cheng”	Dr. Cheng Chi-Kong, Adrian <i>JP</i>
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Resumption Announcement”	the announcement of the Company dated 29 October 2021 in relation to, among other things, the resumption of trading in the Shares
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Shares(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
“Supplemental CTA”	the supplemental agreement dated 30 June 2023 entered into between Concord and Arta Asset Management amending the Concord CTA, as disclosed in this announcement
“Supplemental IBA”	the supplemental agreement dated 30 June 2023 entered into between Concord and Arta Asset Management amending the Concord IBA, as disclosed in this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 3 July 2023

As at the date of this announcement, the Board 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 (Deputy Chief Financial Officer) 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.