

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



## **ARTA TECHFIN CORPORATION LIMITED**

**裕承科金有限公司**

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

**(Stock Code: 279)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

#### **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 (the “Group”) for the six months ended 30 September 2021 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 2021*

		<b>For the six months ended 30 September</b>	
		<b>2021</b>	<b>2020</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	<b>4</b>	<b>29,726</b>	7,331
Cost of sales		<b>(9,043)</b>	(3,437)
<b>Gross profit</b>		<b>20,683</b>	3,894

		<b>For the six months ended 30 September</b>	
		<b>2021</b>	2020
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Other income and gains	4	<b>5,345</b>	7,227
Fair value gain/(loss) on investments at fair value through profit or loss, net		<b>(288)</b>	11,452
General and administrative expenses		<b>(41,389)</b>	(40,989)
Other expenses, net		<b>(13,492)</b>	(17,345)
Finance costs	6	<b>(329,336)</b>	(315,773)
<b>LOSS BEFORE TAX</b>	5	<b>(358,477)</b>	(351,534)
Income tax expense	8	<b>(7,088)</b>	(560)
<b>LOSS FOR THE PERIOD</b>		<b><u>(365,565)</u></b>	<b><u>(352,094)</u></b>
Attributable to:			
Ordinary equity holders of the Company		<b>(365,565)</b>	(352,094)
Non-controlling interests		<u>–</u>	<u>–</u>
		<b><u>(365,565)</u></b>	<b><u>(352,094)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	9		
Basic and diluted		<b><u>(HK\$0.20)</u></b>	<b><u>(HK\$0.19)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>LOSS FOR THE PERIOD</b>	<b><u>(365,565)</u></b>	<b><u>(352,094)</u></b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	119	(377)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income – net movement in investment revaluation reserve (non-recycling)	<u>23,787</u>	<u>139,653</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>23,906</u></b>	<b><u>139,276</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(341,659)</u></b>	<b><u>(212,818)</u></b>
Attributable to:		
Ordinary equity holders of the Company	(341,659)	(212,818)
Non-controlling interests	<u>–</u>	<u>–</u>
	<b><u>(341,659)</u></b>	<b><u>(212,818)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		4,576	6,463
Goodwill	11	1,505	1,505
Intangible assets		17,145	17,145
Other financial assets	13	768,438	744,651
Prepayments and deposits		4,656	4,643
		<hr/>	<hr/>
Total non-current assets		796,320	774,407
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Prepayments, deposits and other receivables		2,223	64,405
Accounts receivable	16	58,074	178,710
Investments at fair value through profit or loss		1,584	1,742
Cash and bank balances		437,394	399,039
		<hr/>	<hr/>
Total current assets		499,275	643,896
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Accounts payable	17	32,834	40,210
Other payables and accruals	18	1,627,979	1,303,833
Borrowings	19	2,916,862	3,010,708
Lease liabilities		2,603	2,492
Tax payable		7,790	602
		<hr/>	<hr/>
Total current liabilities		4,588,068	4,357,845
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(4,088,793)</b>	<b>(3,713,949)</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>(3,292,473)</b>	<b>(2,939,542)</b>
		<hr/>	<hr/>

		<b>30 September 2021 (Unaudited) <i>HK\$'000</i></b>	31 March 2021 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	<i>19</i>	<b>20,000</b>	30,000
Lease liabilities		<b>1,448</b>	2,720
Deferred tax liability		<b>2,561</b>	2,561
		<hr/>	<hr/>
Total non-current liabilities		<b>24,009</b>	35,281
		<hr/>	<hr/>
<b>Net liabilities</b>		<b><u>(3,316,482)</u></b>	<b><u>(2,974,823)</u></b>
<b>DEFICIENCY IN ASSETS</b>			
<b>Deficit attributable to ordinary equity holders of the Company</b>			
Issued capital		<b>18,682</b>	18,682
Reserves		<b>(3,335,162)</b>	(2,993,503)
		<hr/>	<hr/>
<b>Non-controlling interests</b>		<b>(3,316,480)</b>	(2,974,821)
		<hr/>	<hr/>
<b>Net deficiency in assets</b>		<b><u>(3,316,482)</u></b>	<b><u>(2,974,823)</u></b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

### 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 of Hong Kong Limited (the “Stock Exchange”).

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 2021.

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 2021, except for the accounting policy changes that are expected to be reflected in the annual consolidated financial statements for the year ending 31 March 2022. Details of any changes in accounting policies are set out in note 2.

#### **Deconsolidation of subsidiaries**

The condensed consolidated financial statements have been prepared based on the books and records maintained by the Group. However, due to the resignation of certain senior management personnel of the Company and non-cooperation of the management of certain subsidiaries (the “Deconsolidated Subsidiaries”), the directors of the Company had been unable to obtain and gain access to the books and records and assets of the Deconsolidated Subsidiaries and resolved that the Group no longer had the controlling power to govern the financial and operating policies of the Deconsolidated Subsidiaries so as to benefit from their activities, and accordingly the control over the Deconsolidated Subsidiaries was deemed to have lost since 1 April 2019. The Deconsolidated Subsidiaries had therefore been deconsolidated from the consolidated financial statements of the Group from 1 April 2019 onwards on the basis of loss of control. Further details of which were described in the Group’s annual financial statements for the year ended 31 March 2020.

Following the completion of the Restructuring on 1 November 2021 as described below, the Deconsolidated Subsidiaries, being part of the assets of the Excluded Subsidiaries, had been transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in it.

The condensed consolidated financial statements for the six months ended 30 September 2021 have been reviewed by the Company’s Audit Committee and those charged with governance, 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.

## **Group restructuring and reorganisation**

### **Appointment of the joint and several provisional liquidators (the “Provisional Liquidators”), suspension of trading in the shares of the Company (the “Shares”) and going concern basis**

At the request of the Company, trading in the Company’s shares on the Stock Exchange had been suspended with effect from 1:12 p.m. on 28 February 2020.

On 10 May 2019, the Company received a notice of petition from a lender (the “Petition”) issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) from the High Court of the Hong Kong Special Administrative Region (the “High Court”) that the Company be wound up by the High Court on the ground that the Company was insolvent and unable to pay its debts. On 28 February 2020, the High Court ordered that Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung Glen of Deloitte Touche Tohmatsu be appointed as Provisional Liquidators of the Company with power to act jointly and severally until the determination of the Petition or further order of the High Court. On 4 November 2020, upon application made by the Provisional Liquidators, the Grand Court of the Cayman Islands (the “Grand Court”) issued an order, which, among other things, recognised the appointment of Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung Glen of Deloitte Touche Tohmatsu as joint and several provisional liquidators of the Company pursuant to orders of the High Court dated 28 February 2020 and subsequently amended on 26 March 2020 and the Provisional Liquidators presenting and prosecuting a petition in the Grand Court in respect of the creditors’ scheme of arrangement pursuant to section 86 of the Companies Law (2020 Revision) in furtherance of the proposed rescue and restructuring of the Company and its debts. Since their appointment, the Provisional Liquidators have taken all necessary actions to preserve the assets and have been managing the affairs of the Group.

On the application of the Provisional Liquidators, the High Court ordered on 4 October 2021 the dismissal of Petition and the discharge of the Provisional Liquidators on 1 November 2021, with liberty for the petitioner or the Provisional Liquidators to apply for the adjournment of the Petition. On 1 November 2021, the Company fulfilled all the resumption conditions to the satisfaction of the Stock Exchange and the Petition had been dismissed and the Provisional Liquidators had been discharged. Trading in the Shares on the Stock Exchange resumed with effect from 9:00 a.m. on 1 November 2021.

As at the date of this announcement, all trading restrictions imposed by the Stock Exchange and the Securities and Futures Commission of Hong Kong (the “SFC”) had been lifted.

As at 30 September 2021, the Group had net current liabilities and net liabilities of approximately HK\$4,088,793,000 and HK\$3,316,482,000, respectively (31 March 2021: HK\$3,713,949,000 and HK\$2,974,823,000, respectively). During the six months ended 30 September 2021, the Group incurred a loss attributable to ordinary equity holders of the Company of approximately HK\$365,565,000 (six months ended 30 September 2020: HK\$352,094,000).

Reference is made to the Company's circular dated 26 May 2021 (the "Whitewash Circular"). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Whitewash Circular.

Following the introduction of the Investor as white knight, Dr. Cheng Chi-Kong, Adrian *JP*, late last year, the approval of transactions disclosed in the Whitewash Circular, and the appointment and onboarding of a new senior management team and senior advisors since June 2021 that includes several high-caliber industry veterans with proven track record in asset management and global markets sectors, the Group's operating performance has shown significant improvement.

Business model of the Group has integrated the capabilities of the Group and the expertise and network that the new senior management team and senior advisors enable the Group to develop and realise the full potentials of its licensed capabilities. The global markets division, asset management division and insurance brokerage division build the Group into a one stop full-fledged financial service and product provider for its retail, professional and institutional investor client base. The Group is concurrently developing its technology capabilities in financial services ("TechFin"), via proprietary engineering and strategic partnership, with the vision of transforming engagement and interaction with as well as redefining deliveries of financial services to its clients.

In addition to boosting profitability, the directors of the Company takes measures to improve the liquidity and solvency position of the Group including negotiations with the other creditors to defer or roll over the payables of the Company, speeding up the collection of receivables process, and tightening the operating cash outflows through cutting costs and capital expenditures.

As at the date of the approval of these interim results, the Company had completed the Restructuring of indebtedness of the Group which included, among others, the Subscription, the First Loan Conversion and the ListCo Schemes becoming effective and certain indebtedness of the Group had been relieved.

The validity of the going concern assumption on which the condensed consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the measures taken by the directors of the Company as described above. The condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and, therefore, do not include any adjustments relating to the realisation and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the condensed consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.



## **Listing status of the Company**

On 19 March 2020 and 30 June 2020, the Company received letters from the Stock Exchange which the Stock Exchange set out the following conditions for resumption that the Company was required to satisfy (the “Resumption Conditions”):

1. demonstrate the Company’s compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”);
2. have the winding-up petition(s) withdrawn or dismissed and the Provisional Liquidators discharged;
3. inform the market of all material information for the Company’s shareholders and other investors to appraise the Group’s position; and
4. publish all outstanding financial results and address any audit modification(s).

On 1 November 2021, the Company fulfilled all the Resumption Conditions to the satisfaction of the Stock Exchange. The Petition had been dismissed and the Provisional Liquidators had been discharged. Trading in the Shares on the Stock Exchange resumed at 9:00 a.m. on 1 November 2021.

## **Restructuring of the Group**

References are made to the Company’s announcements dated 13 August 2020, 27 August 2020, 17 November 2020, 23 November 2020, 27 November 2020, 30 December 2020, 22 January 2021, 5 February 2021, 26 February 2021, 27 May 2021, 17 June 2021, 2 July 2021, 27 August 2021, 29 October 2021 and the Whitewash Circular dated 26 May 2021 in relation to the restructuring of the Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as in these announcements and the Whitewash Circular.

On 13 August 2020, the Company, the Provisional Liquidators and the Investor entered into the Term Sheet, setting out the key commercial terms of the proposed Restructuring of the Company.

On 2 September 2020, the Provisional Liquidators obtained the sanction from the High Court for entering into, among others, the Term Sheet and all requisite agreements arising therefrom in order to implement the proposed Restructuring.

On 10 September 2020, the Company, the Provisional Liquidators and the Investor entered into the Restructuring Deed, pursuant to which the Company, the Provisional Liquidators and the Investor agreed on the principal terms of the Restructuring which shall include, among others, (a) the provision of the First Loan and the Second Loan by the Investor; (b) the Subscription; (c) the Share Premium Cancellation; (d) the Resumption; (e) if the Resumption is not approved by the Stock Exchange, the Acquisition; and (f) the Schemes.

On 21 October 2020, SFC has approved the Investor to become a substantial shareholder of the Licensed Corporations.

On 17 November 2020 and 18 December 2020, the Company, the Provisional Liquidators and the Investor entered into the first supplemental deed and the second supplemental deed respectively, pursuant to which the parties agreed to further amend the terms of the Restructuring Deed and/or the First Loan Agreement.

On 24 December 2020, upon application of the Provisional Liquidators, the High Court and the Grand Court have approved the convening of the Scheme Meetings.

On 22 January 2021, the resolution to approve the Scheme was duly passed at the Scheme Meetings.

On 2 February 2021 (Hong Kong time) and 3 February 2021 (Cayman Islands time), the High Court has sanctioned without modification the Hong Kong ListCo Scheme under Hong Kong law and the Grand Court has sanctioned without modification the Cayman Islands ListCo Scheme under the Laws of Cayman Islands, respectively.

On 10 March 2021, 4 May 2021, 17 June 2021 and 27 August 2021, the Company submitted to the Stock Exchange the Resumption Proposals and addressed comments from the Stock Exchange.

On 1 November 2021, the Restructuring was completed. ListCo Schemes became effective on the same day that the Company had been informed by the Provisional Liquidators that (i) a copy of the order of the Grand Court sanctioning the Cayman Islands ListCo Scheme had been filed with the Cayman Islands Registrar of Companies on 28 October 2021; and (ii) a copy of the order of the High Court sanctioning the Hong Kong ListCo Scheme had been delivered to the Registrar of Companies in Hong Kong on 1 November 2021.

As a result, with effect from 1 November 2021, the Group no longer has any interest in the Excluded Subsidiaries which have all been transferred to the ListCo Schemes SchemeCo under the Restructuring.

Completion of the Subscription, the First Loan Conversion, the Placing Down and the issue of the Scheme Shares all took place on 29 October 2021 and the Company issued to (i) the Investor, the First Loan Conversion Shares and the Subscription Shares (other than the Placing Shares); (ii) the ListCo Schemes SchemeCo, the Scheme Shares for the benefit of the ListCo Schemes Creditors; and (iii) the Placees, the Placing Shares as directed by the Investor.

## **1. The provision of the First Loan and the Second Loan by the Investor**

### *The First Loan Agreement*

On 10 September 2020, the Company (as borrower), the Provisional Liquidators and the Investor (as lender) entered into the First Loan Agreement, pursuant to which the Investor shall make available to the Company (a) HK\$161,174,982, being an amount equivalent to the LC Agreed Consideration; and (b) the Top-up Loan Amount (if any).

In the event that the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor shall convert the First Loan (including the Initial Deposit and the Top-up Loan Amount (if any)) into the First Loan Conversion Shares which, together with the Subscription Shares, shall represent 80% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares. The First Loan Conversion Shares shall be issued and allotted to the Investor simultaneously with the Subscription Shares. Upon completion of the First Loan Conversion, all outstanding liabilities of the Company under the First Loan Agreement shall be deemed fully paid and settled and no longer outstanding.

The First Loan Conversion had been completed on 29 October 2021.

### *The Second Loan Agreement*

On 10 September 2020, the Company (as borrower), the Provisional Liquidators and the Investor (as lender) entered into the Second Loan Agreement, pursuant to which the Investor shall make available to the Company interest-free and unsecured loans of up to HK\$40 million in aggregate.

If the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor may, within the Conversion Period, convert the Second Loan into the Second Loan Conversion Shares which, together with the First Loan Conversion Shares and the Subscription Shares, shall represent approximately 75% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription, the issue of the Scheme Shares, the Placing Down and the Second Loan Conversion. Upon completion of the Second Loan Conversion, all outstanding liabilities of the Company under the Second Loan Agreement shall be deemed fully paid and settled and no longer outstanding.

As at the date of this announcement, the Company has drawn down the Second Loan of HK\$40 million from the Investor. No Second Loan has been converted into the Second Loan Conversion Shares.

## **2. The Subscription**

In the event that the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor shall inject into the Company the New Subscription Proceeds of HK\$80 million by subscribing the Subscription Shares which, together with the First Loan Conversion Shares, shall represent 80% of the enlarged issued share capital of the Company upon completion of the Subscription, the First Loan Conversion and the issue of the Scheme Shares. The New Subscription Proceeds, together with any accrued interest, shall be applied as the Scheme Cash Consideration under the ListCo Schemes.

The Subscription had been completed on 29 October 2021.

### **3. The Share Premium Cancellation**

The Share Premium Cancellation shall involve the cancellation of the entire amount standing to the credit of the share premium account of the Company of approximately HK\$2.78 billion. The credit arising from the Share Premium Cancellation shall be applied towards offsetting the accumulated deficit of the Company as at the effective date of the Share Premium Cancellation. During the year ended 31 March 2021, the Share Premium Cancellation had been completed.

### **4. The Resumption**

To facilitate the Resumption, each of the Company, the Provisional Liquidators and the Investor undertakes and agrees to use its best endeavours to procure the compliance with the Resumption Conditions as soon as reasonably practicable in accordance with the terms of the Restructuring Deed.

The Resumption had been completed on 1 November 2021.

### **5. The Acquisition (if the Resumption is not approved by the Stock Exchange)**

In the event that the Resumption is not approved by the Stock Exchange by the Long Stop Date, the Company shall, for the purpose of discharging and setting off its obligations to repay all the outstanding liabilities under the First Loan Agreement, procure the transfer of all shareholding interests in the Retained Subsidiaries by their respective immediate holding companies to the Investor or its nominee which shall take place in accordance with the terms of the Acquisition SPA at the consideration of HK\$1.00. Upon completion of the Acquisition, the obligation of the Company to repay the Investor all outstanding liabilities under the First Loan Agreement shall be deemed fully discharged.

On 24 September 2020, the Acquisition SPA has been entered into with the Investor in respect of the transfer of all shareholding interests in the Retained Subsidiaries which shall take effect upon (i) the Investor having provided the First Loan to the Company in accordance with the terms of the First Loan Agreement; and (ii) the Resumption Proposal not having been approved by the Stock Exchange by the Long Stop Date.

In the event that the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), then the Retained Subsidiaries will remain in the Retained Group as subsidiaries of the Company immediately after the First Loan Conversion and the Subscription.

The Resumption had been approved by the Stock Exchange and completed on 1 November 2021.

## 6. The Schemes

Pursuant to the Restructuring Deed, the debt restructuring of the Group shall be implemented by way of the Schemes.

The principal terms of the ListCo Scheme are as follows:

- (a) all claims of the ListCo Creditors against the Company as at the ListCo Schemes Effective Date will be fully and finally discharged by virtue of the implementation of the ListCo Schemes;
- (b) the Group will undergo the Group Reorganisation, pursuant to which the entire interests of the Excluded Subsidiaries will be transferred to the ListCo Schemes SchemeCo at a nominal value;
- (c) after the ListCo Schemes Effective Date and if and only if the completion of the Subscription having taken place, the New Subscription Proceeds will be injected to the ListCo Schemes as the Scheme Cash Consideration;
- (d) the Scheme Shares, representing approximately 10% of the enlarged issued share capital of the ListCo upon Completion, shall be allotted and issued by the Company to the Scheme Administrators or the ListCo Schemes SchemeCo simultaneously with the allotment and issue of the First Loan Conversion Shares and the Subscription Shares, for the benefit of the ListCo Schemes Creditors; and
- (e) any realisation from the assets of the ListCo Schemes, which shall comprise, among others, (i) the Scheme Shares; (ii) shares in and assets of the Excluded Subsidiaries; and (iii) the Scheme Cash Consideration, shall be applied for distribution to the ListCo Schemes Creditors with ListCo Admitted Claims; and payment of the costs and expenses for the implementation of the ListCo Schemes.

The ListCo Schemes became effective on 1 November 2021. As at the date of this announcement, the Group no longer had any interest in the Excluded Subsidiaries which had been transferred to the ListCo Schemes SchemeCo under the Restructuring.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied, for the first time, the following amendments issued by the HKICPA, which are mandatorily effective for their reporting period beginning on or after 1 April 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-related Rent Concessions
Amendments to HKFRS 16	COVID-19-related Rent Concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has 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.

During the reporting period, the directors of the Company revisited the reporting operating segments and changed structure of the Group's organisation in a manner that causes the composition of its reportable segments to change. The Group is contemplating to develop its asset management division and insurance brokerage division as independent business units as well as a source of cross selling for global markets division to provide placing, sourcing, structuring and advisory services to funds under management of or advised by asset management division. The presentation of new reportable segments comprising of (i) global markets business, (ii) asset management business, and (iii) insurance brokerage business better reflects the Group's allocation of resources and assessment of performance. Accordingly, the corresponding information for the period ended 30 September 2020 has been restated to reflect the newly reportable segments.

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 loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that bank and other interest income (excluding interest income from the provision of finance and margin activities), 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 2021 and 2020 for the purposes of resources allocation and performance assessment.

**For the six months ended 30 September 2021**

	Global markets business (Unaudited) <i>HK\$'000</i>	Asset management business (Unaudited) <i>HK\$'000</i>	Insurance brokerage business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	23,729	3,063	2,934	29,726
Intersegment sales	–	–	6	6
	<u>23,729</u>	<u>3,063</u>	<u>2,940</u>	<u>29,732</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(6)</u>
Total revenue				<u><u>29,726</u></u>
<b>Segment results:</b>	(2,333)	(258)	647	(1,944)
<i>Reconciliation:</i>				
Bank interest income				23
Other interest income				3
Corporate and other unallocated expenses				(27,223)
Finance costs				<u>(329,336)</u>
Loss before tax				<u><u>(358,477)</u></u>

**For the six months ended 30 September 2020**

	Global markets business (Unaudited) <i>HK\$'000</i> (Restated)	Asset management business (Unaudited) <i>HK\$'000</i> (Restated)	Insurance brokerage business (Unaudited) <i>HK\$'000</i> (Restated)	Total (Unaudited) <i>HK\$'000</i> (Restated)
<b>Segment revenue:</b>				
Sales to external customers	5,645	–	1,686	7,331
Intersegment sales	–	–	–	–
	<u>5,645</u>	<u>–</u>	<u>1,686</u>	<u>7,331</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>–</u>
Total revenue				<u><u>7,331</u></u>
<b>Segment results:</b>	(20,146)	(305)	(14)	(20,465)
<i>Reconciliation:</i>				
Bank interest income				152
Other interest income				52
Corporate and other unallocated expenses				(15,500)
Finance costs				<u>(315,773)</u>
Loss before tax				<u><u>(351,534)</u></u>

## Geographical information

### (a) Revenue from external customers

	For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Hong Kong	<u>29,726</u>	<u>7,331</u>

The geographic location of revenue from external customers is based on the location of the customers at which the services were rendered.

### (b) Non-current assets

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Hong Kong	27,834	29,692
The People's Republic of China (the "PRC")	<u>48</u>	<u>64</u>
Total	<u>27,882</u>	<u>29,756</u>

The geographic location of the non-current assets is based on the location of the operations to which they are allocated.

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents commission and brokerage income from securities and futures dealings; income from placing, underwriting and financial advisory services; interest income on margin financing activities; income from asset management services; insurance brokerage income; net losses from the sale of investments at fair value through profit or loss; and dividend income from investments at fair value through profit or loss for the period.



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

	<b>For the six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited) HK\$'000</b>	<b>(Unaudited) HK\$'000</b>
<b>Revenue</b>		
Placing, underwriting and financial advisory fee income	11,496	406
Commission and brokerage income from securities and futures dealings	9,843	4,258
Asset management fee income	3,063	–
Insurance brokerage income	2,934	1,686
Interest income on margin financing activities	2,394	1,002
Dividend income from investments at fair value through profit or loss	24	–
Losses from the sale of investments at fair value through profit or loss, net ( <i>note a</i> )	(28)	(21)
	<u>29,726</u>	<u>7,331</u>
	<u><u>29,726</u></u>	<u><u>7,331</u></u>
	<b>For the six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited) HK\$'000</b>	<b>(Unaudited) HK\$'000</b>
<b>Other income and gains</b>		
Bank interest income	23	152
Other interest income	3	52
Dividend handling charge and other surcharge	583	601
Foreign exchange differences, net	537	904
Government grants ( <i>note b</i> )	384	3,841
Referral fee income	2,674	–
Gain on termination of a lease contract	–	1,234
Others	1,141	443
	<u>5,345</u>	<u>7,227</u>
	<u><u>5,345</u></u>	<u><u>7,227</u></u>

*Notes:*

- (a) The gross proceeds from sale of investments at fair value through profit or loss for the reporting period were approximately HK\$724,000 (six months ended 30 September 2020: HK\$99,000).
- (b) There are no unfulfilled conditions or contingencies relating to these grants.

## 5. LOSS BEFORE TAX

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

		<b>For the six months ended 30 September</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
Employee benefit expenses (excluding directors' remuneration):			
Salaries and allowances		<b>19,300</b>	15,407
Retirement benefit scheme contributions (defined contribution scheme)		<b>504</b>	376
		<u><b>19,804</b></u>	<u>15,783</u>
Depreciation of property, plant and equipment		<b>560</b>	746
Depreciation of right-of-use assets		<b>1,332</b>	2,724
Provision/(reversal of provision) for impairment loss of accounts receivable, net ( <i>note</i> )	<i>16</i>	<b>(551)</b>	1,400
Impairment loss of other receivables ( <i>note</i> )		<b>904</b>	–
Loss on disposal of items of property, plant and equipment ( <i>note</i> )		<b>29</b>	1,182
Loss on disposal of subsidiaries ( <i>note</i> )		<b>178</b>	–
Loss recognised on termination of a lease of office premise ( <i>note</i> )		–	14,763
Restructuring cost ( <i>note</i> )		<b>12,932</b>	–
		<u><b>12,932</b></u>	<u>–</u>

*Note:* These items are included in “Other expenses, net” in the condensed consolidated statement of profit or loss.

## 6. FINANCE COSTS

	<b>For the six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interests on borrowings	328,156	314,263
Interests on lease liabilities	210	540
Other finance costs	970	970
	<u>329,336</u>	<u>315,773</u>

## 7. DECONSOLIDATION OF SUBSIDIARIES

As disclosed in note 1 to these condensed consolidated financial statements, the directors of the Company considered that the control over certain subsidiaries had been lost since 1 April 2019. The assets and liabilities of these subsidiaries were deconsolidated from the consolidated financial statements of the Group since 1 April 2019.

Net assets of these subsidiaries as at the date of loss of control were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	951
Goodwill	659,169
Investments in an associate	23,387
Other financial assets	1,148,314
Finance lease receivables	863,326
Prepayments, deposits and other receivables	84,090
Accounts receivable	22,865
Restricted bank deposits	157,312
Cash and bank balances	25,400
Other payables and accruals	(108,126)
Borrowings	(30,313)
Tax payable	(23,073)
Deferred tax liability	(839)
	<u>2,822,463</u>
Net assets deconsolidated	2,822,463
Less: Release of exchange fluctuation reserve	(52,085)
Release of statutory reserve	(8,597)
Non-controlling interests	(669,581)
	<u>2,092,200</u>

Following the completion of the Restructuring on 1 November 2021, the Deconsolidated Subsidiaries, being part of the assets of the Excluded Subsidiaries, had been transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in it.

## 8. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current		
Charge for the period		
– Hong Kong	–	–
– the PRC	–	560
Under-provision for prior year	<u>7,088</u>	<u>–</u>
Tax expense for the period	<u><u>7,088</u></u>	<u><u>560</u></u>

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS 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 ordinary equity holders of the Company of HK\$365,565,000 (six months ended 30 September 2020: HK\$352,094,000), and the weighted average number of ordinary shares of 1,868,176,188 (six months ended 30 September 2020: 1,868,176,188) 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 ordinary equity holders of the Company of HK\$365,565,000 (six months ended 30 September 2020: HK\$352,094,000) and the weighted average number of ordinary shares of 1,868,176,188 (six months ended 30 September 2020: 1,868,176,188).

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2021 and 2020 in respect of a dilution. The calculation of diluted loss per share for the six months ended 30 September 2020 does not assume the exercise of the Company's outstanding share options as it had no dilutive effect on the basic loss per share. The Company had no dilutive potential ordinary shares in issue during the period ended 30 September 2021.

## 10. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

## 11. GOODWILL

Goodwill allocated to the cash generating unit (“CGU”) of insurance and securities brokerage business in Hong Kong of HK\$1,505,000 as at 30 September 2021 and 31 March 2021.

Goodwill allocated to the CGU of financial guarantee and finance leasing business in the PRC (“CGU PRC”) was deconsolidated since 1 April 2019 as disclosed in note 7. Following the completion of the Restructuring on 1 November 2021, the CGU PRC, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in it.

## 12. INVESTMENTS IN ASSOCIATES

The Company accounted for their investments in associates using the equity method for the reporting period. As at 30 September 2021 and 31 March 2021, the Group had not shared any equity from the associates as there is no sufficient financial information of all the associates for the six months ended 30 September 2021 and year ended 31 March 2021 available to the Group. The management of the associates refused to provide such required financial information to the Group. The Group had fully impaired its investments in associates during the year ended 31 March 2020 and no information of the assets, liabilities, non-controlling interests, revenue, profit/loss for the period and other comprehensive income of the associates as of, and for the six months ended 30 September 2021 and year ended 31 March 2021 is presented.

Following the completion of the Restructuring on 1 November 2021, the investments in associates, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in associates.

## 13. OTHER FINANCIAL ASSETS

	<b>30 September 2021 (Unaudited) HK\$’000</b>	31 March 2021 (Audited) HK\$’000
<b>Non-current:</b>		
Investments at fair value through other comprehensive income (non-recycling)		
– Unlisted equity investment in the PRC ( <i>note a</i> )	734,127	721,795
– Listed equity investment in the Philippines ( <i>note b</i> )	34,311	22,856
	<u>768,438</u>	<u>744,651</u>

*Notes:*

- (a) Balance represented 12.17% (31 March 2021: 12.17%) equity interest in a full-licensed securities company in China (Shanghai) Pilot Free Trade Zone (the “Securities Company”) under the framework of the Closer Economic Partnership Arrangement between Mainland China and Hong Kong.

In February 2021, the Group entered into a term sheet with the Provisional Liquidators, the SSCL Purchaser and the SSCL Secured Creditor (as defined in the circular of the Company dated 26 May 2021) for the disposal of the Securities Company at the consideration of RMB600,000,000 (equivalent to approximately HK\$711,128,000). The disposal transaction will proceed to completion after the government approvals, registration and filing procedures incidental to the SSCL Disposal, including but not limited to the approval of the China Securities Regulatory Commission having been obtained or completed, currently expected to be on or before 31 December 2021.

- (b) The listed equity investment in the Philippines was stated at fair values based on quoted market prices in active markets at the end of each of the reporting periods. Following the completion of the Restructuring on 1 November 2021, the listed equity investment, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in it.
- (c) The Group had 15.20% (31 March 2021: 15.20%) equity interest in an investment holding company (“Entity A”) which was acquired in April 2018. Due to the non-cooperation of the management of Entity A, the directors of the Company are unable to obtain and access to the books and records and no sufficient financial information of Entity A as at and for the period ended 30 September 2021 and for the year ended 31 March 2021 is available to the directors of Company. As such, the fair values of financial asset at fair value through other comprehensive income (non-recycling) of Entity A as at the end of the reporting periods (“FVOCI in Entity A”) were estimated using the net assets value approach based on Entity A’s unaudited management accounts as at 31 March 2020 and adjusted for the factors they considered might affect its fair value. The basis applied in the fair value assessment of the FVOCI in Entity A including the recognition of fair value loss of HK\$841,762,000 during the year ended 31 March 2020 represented their best estimate. There were no carrying amount of Entity A as at 30 September 2021 and 31 March 2021.

Following the completion of the Restructuring on 1 November 2021, the equity interest in Entity A, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in the it.

- (d) The Group’s investment in wealth management products from financial institutions in the PRC were deconsolidated since 1 April 2019 as set out in note 7 to the condensed consolidated financial statements. Following the completion of the Restructuring on 1 November 2021, the deconsolidated wealth management products, being part of the assets of the Excluded Subsidiaries, were transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in the it.

#### 14. LOANS RECEIVABLE

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Loans receivable	<b>1,791,936</b>	1,791,936
Less: Provision for impairment loss	<b>(1,791,936)</b>	(1,791,936)
	<u>                    </u> <u>                    </u> <u>                    </u>	<u>                    </u> <u>                    </u> <u>                    </u>

All of the loans receivable as at 30 September 2021 and 31 March 2021 were unsecured.

Loans receivable, determined based on their age since the effective draw down date of the loans, were all aged over one year, as at 30 September 2021 and 31 March 2021.

The movements in the provision for impairment loss of loans receivable are as follows:

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
At beginning of period/year	<b>1,791,936</b>	1,961,145
Write-off of provision for impairment loss	<u>                    </u> -	<u>                    </u> (169,209)
At end of period/year	<u>                    </u> <u>                    </u> <u>                    </u>	<u>                    </u> <u>                    </u> <u>                    </u>

Following the completion of the Restructuring on 1 November 2021, the loans receivable, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any loans receivable.

#### 15. FACTORING RECEIVABLES

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Factoring receivables	<b>317,756</b>	312,659
Less: Provision for impairment loss	<b>(317,756)</b>	(312,659)
	<u>                    </u> <u>                    </u> <u>                    </u>	<u>                    </u> <u>                    </u> <u>                    </u>

Factoring receivables, determined based on their age since the effective draw down date and the payment due date of the loans, were all aged over one year, as at 30 September 2021 and 31 March 2021.

The movements in the provision for impairment loss of factoring receivables are as follows:

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
At beginning of period/year	<b>312,659</b>	299,079
Exchange differences	<b>5,097</b>	13,580
	<hr/>	<hr/>
At end of period/year	<b><u>317,756</u></b>	<b><u>312,659</u></b>

Following the completion of the Restructuring on 1 November 2021, the factoring receivables, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any factoring receivables.

## 16. ACCOUNTS RECEIVABLE

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Accounts receivable arising from the ordinary course of business of:		
– Global markets business:		
Cash clients	<b>6,376</b>	–
Margin clients	<b>15,037</b>	295,992
Clearing houses	<b>22,185</b>	31,315
Corporate advisory business	<b>3,360</b>	–
Futures brokerage business	<b>9,617</b>	9,690
– Asset management business	<b>1,342</b>	–
– Insurance brokerage business	<b>337</b>	145
	<hr/>	<hr/>
	<b>58,254</b>	337,142
Less: Provision for impairment loss	<b>(180)</b>	(158,432)
	<hr/>	<hr/>
	<b><u>58,074</u></b>	<b><u>178,710</u></b>



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 2.28% to 15.06% per annum as at 30 September 2021 (31 March 2021: 2.38% to 15.07% per annum). 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. The settlement terms of accounts receivable attributable to dealing in futures transactions are repayable on demand and generally up to 12 months.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the trade date, is as follows:

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Within 90 days	54,532	175,406
Between 91 to 180 days	–	112
Over one year	3,722	161,624
	<u>58,254</u>	<u>337,142</u>

The movements in the provision for impairment loss of accounts receivable are as follow:

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
At beginning of period/year	158,432	157,782
Uncollective amounts written off	(157,701)	–
Other remeasurement of loss allowance	(551)	650
	<u>180</u>	<u>158,432</u>

As disclosed in note 7 to these condensed consolidated financial statements, the directors of the Company deconsolidated the accounts receivable of the Deconsolidated Subsidiaries from the consolidated financial statements of the Group since 1 April 2019. Following the completion of the Restructuring on 1 November 2021, the accounts receivable of the Deconsolidated Subsidiaries, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in it.

## 17. ACCOUNTS PAYABLE

The balances as at 30 September 2021, based on the trade date, were all aged within 90 days (31 March 2021: 90 days).

## 18. OTHER PAYABLES AND ACCRUALS

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Accrued expenses	<b>38,560</b>	31,506
Interest payables	<b>1,586,118</b>	1,259,276
Other payables	<b>3,301</b>	13,051
	<b><u>1,627,979</u></b>	<b><u>1,303,833</u></b>

As disclosed in note 7 to these condensed consolidated financial statements, the directors of the Company deconsolidated the other payables and accruals of the Deconsolidated Subsidiaries from the consolidated financial statements of the Group since 1 April 2019. Following the completion of the Restructuring on 1 November 2021, the other payables and accruals of the Deconsolidated Subsidiaries, being part of the liabilities of the Excluded Subsidiaries, were transferred to the ListCo Schemes SchemeCo and the Group was no longer liable to these payable items.

## 19. BORROWINGS

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Non-current:		
Other borrowings, unsecured	<b><u>20,000</u></b>	<b><u>30,000</u></b>
Current:		
Bank borrowings, unsecured	–	74,000
Other borrowings, secured	<b>2,682,687</b>	2,682,687
Other borrowings, unsecured	<b>234,175</b>	254,021
Total current borrowings	<b><u>2,916,862</u></b>	<b><u>3,010,708</u></b>
Total borrowings	<b><u>2,936,862</u></b>	<b><u>3,040,708</u></b>

Following the completion of the Restructuring on 1 November 2021, secured borrowings of HK\$2,682,687,000 and unsecured borrowings of HK\$73,000,000 had been transferred to the ListCo Schemes SchemeCo. At the date of this announcement, the Group was no longer liable to these borrowings.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The below sections set out an extract of the report by Crowe (HK) CPA Limited, the independent auditor of the Company, regarding the condensed consolidated financial statements of the Group for the six months ended 30 September 2021.

### **DISCLAIMER OF CONCLUSION**

We do not express a conclusion on the interim financial information of the Group. Because of the matters as described in the Basis for Disclaimer of Conclusion section of our report, it is not possible for us to form a conclusion on the interim financial information.

### **BASIS FOR DISCLAIMER OF CONCLUSION**

#### **1. Deconsolidation of subsidiaries**

As explained in note 2\* to the condensed consolidated financial statements, as a result of the resignation of certain senior management members of the Company and non-cooperation of the management of certain subsidiaries (the “Deconsolidated Subsidiaries”), the directors of the Company had been unable to obtain and gain access to the books and records and assets of the Deconsolidated Subsidiaries of the Company and had therefore resolved that the Group no longer had the controlling power to govern the financial and operating policies of the Deconsolidated Subsidiaries so as to benefit from their activities. Accordingly, the Deconsolidated Subsidiaries were deconsolidated from the consolidated financial statements of the Group from 1 April 2019 onwards. As a result of the circumstances described above, the directors of the Company have been unable to provide us with a complete set of accounting books and records of the Deconsolidated Subsidiaries. We have therefore been unable to carry out audit procedures to obtain sufficient information to satisfy ourselves as to whether:

- (i) the accumulated losses of the Group as at 1 April 2021 resulted from the loss on deconsolidation of the subsidiaries of approximately HK\$2,092,200,000 included in the consolidated statement of profit or loss of the Group for the year ended 31 March 2020 as disclosed in note 7 as well as the related disclosures set out in the notes to the condensed consolidated financial statements are free from material misstatement; and
- (ii) the Group had lost its control over the Deconsolidated Subsidiaries.

We were therefore unable to determine whether any adjustments were necessary to be made to the accumulated losses as at 1 April 2021 and the results of operations for the periods ended 30 September 2021 that might have a significant effect on the state of the Group's affairs as at 30 September 2021 and 31 March 2021 and on its loss for the periods ended 30 September 2021 and 2020. These matters caused us to disclaim our conclusion on the condensed consolidated financial statements of the Group for the period ended 30 September 2021 and to disclaim our opinion on the consolidated financial statements of the Group for the year ended 31 March 2021.

\* *Being note 1 in this announcement*

## 2. Investments in associates

As explained in note 14\* to the condensed consolidated financial statements, there is no sufficient financial information of the associates available for the period ended 30 September 2021 and the year ended 31 March 2021 because the management of the associates refused to provide such required financial information to the Group. Based on the assessment of the directors of the Company, the Group had fully impaired its investments in associates of HK\$341,674,000 during the year ended 31 March 2020.

As (i) it was not practicable for a review to be performed by us on the associates due to insufficient financial information and the non-cooperation of the associates' management; (ii) the audited result of the associates for the years ended 31 March 2021 and 2020 have not been made available to us as at the date of this report; (iii) the directors of the Company were unable to provide us with adequate information in support of the impairment assessment of investments in associates, together with the basis and rationale of recognising the impairment loss of investments in associates of HK\$341,674,000 for the year ended 31 March 2020 and their basis for assessing the carrying amounts of the investments in associates as at 30 September 2021 and 31 March 2021; and (iv) the directors of the Company were also unable to provide us with adequate information in support of the Group's significant influence power over an associate, FreeOpt Holdings Limited, which the Group's shareholding interest in FreeOpt Holdings Limited was diluted to 17.61% during the year ended 31 March 2021, we were therefore unable to obtain sufficient information in relation to (i) the amount of the Group's share of losses and other comprehensive income relating to investments in associates recognised in profit or loss and other comprehensive income for the periods ended 30 September 2021; (ii) the estimate of the carrying value of the Group's investments in associates as at 30 September 2021 and 31 March 2021; (iii) the accumulated losses of the Group as at 1 April 2021 resulted from the impairment loss of investments in associates in associates of HK\$341,674,000 including in the consolidated statement profit or loss of the Group for the year ended 31 March 2020 is free from material misstatement; and (iv) whether the investment in FreeOpt Holdings Limited had been properly accounted for, classified, presented and disclosed in the condensed consolidated financial statements as at and for the period ended 30 September 2021.

As a result, we were unable to determine whether adjustments might have been found to be necessary in respect of investments in associates, and the elements making up the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income and the condensed consolidated statement of changes in equity and the related disclosures.

These matters caused us to disclaim our conclusion on the condensed consolidated financial statements of the Group for the period ended 30 September 2021 and to disclaim our opinion on the consolidated financial statements of the Group for the year ended 31 March 2021.

\* *Being note 12 in this announcement*

### 3. Investment in an unlisted equity investment

As explained in note 15<sup>#</sup> to the condensed consolidated financial statements, the Group held a financial asset classified as at fair value through other comprehensive income (non-recycling) with respect to 15.20% equity interest in an investment holding company (“Entity A”) as at 30 September 2021 (“FVOCI in Entity A”). A fair value loss of HK\$841,762,000 has been recognised in the consolidated statement of comprehensive income during the year ended 31 March 2020 for such FVOCI in Entity A. Management assessed there was no change in the fair value of FVOCI in Entity A during the period ended 30 September 2021.

In assessing the fair value of FVOCI in Entity A as at 30 September 2021 and 31 March 2021, the directors of the Company adopted the net asset value approach based on Entity A’s unaudited management accounts for the year ended 31 March 2020 and adjusted for the factors they considered might affect its fair value to estimate its fair value as described in note 15\* to the condensed consolidated financial statements. The Group, however, is unable to obtain sufficient financial information of Entity A as at and for the period ended 30 September 2021 and year ended 31 March 2021 because of the non-cooperation of the management of Entity A. The directors of the Company considered that the basis applied in the fair value assessment of the FVOCI in Entity A represents their best estimate. We were unable to obtain sufficient information we considered necessary to assess the appropriateness of the basis of valuation of the FVOCI in Entity A as at 30 September 2021 and 31 March 2021 adopted by the directors of the Company, including access to the management of Entity A to assess the appropriateness and accuracy of the financial information, and to obtain the latest audited financial information of Entity A and reliable information to support the adjustments made to the net assets value of Entity A. There were no other satisfactory procedures that we could perform to determine whether any adjustments to the carrying value of the FVOCI in Entity A as at 30 September 2021 and 31 March 2021 and the fair value change for the period ended 30 September 2021 were necessary.

These matters caused us to disclaim our conclusion on the condensed consolidated financial statements of the Group for the period ended 30 September 2021 and to disclaim our opinion on the consolidated financial statements of the Group for the year ended 31 March 2021.

\* *Being note 13 in this announcement*

# *Being note 13 in this announcement*

#### **4. Multiple uncertainties relating to going concern**

On 12 March 2019 and 10 April 2019, the Company received demand letters from lenders for the immediate repayment of outstanding principal amounts of approximately HK\$783,747,000 and HK\$429,197,000 respectively. On 26 April 2019, the Company received a notice of event of default from another lender intended to reserve its right to demand immediate repayment for borrowings with an outstanding principal amount of approximately HK\$776,514,000 at 31 March 2019. On 10 May 2019, the Company received a notice of petition from one of the above lenders issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) from the High Court of the Hong Kong Special Administrative Region (the “High Court”) that the Company be wound up by the High Court on the ground that the Company was insolvent and unable to pay its debts. In addition, on 10 June 2019, the Company received a notice of event of default and repayment from another lender for the immediate repayment of outstanding principal, together with accrued interest due totaling to approximately HK\$718,436,000. On 4 October 2021, the High Court ordered that, the dismissal of the petition and discharge of the provisional liquidators on 1 November 2021, with liberty for the petitioner or the provisional liquidators to apply for the adjournment of the petition.

As at 30 September 2021, the Group had net current liabilities and net liabilities of approximately HK\$4,088,793,000 and HK\$3,316,482,000, respectively. During the six months ended 30 September 2021, the Group incurred a loss attributable to ordinary equity holders of the Company of approximately HK\$365,565,000. These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

The directors of the Company takes measures to improve the liquidity and solvency position of the Group including negotiations with the other creditors to defer or roll over the payables of the Company, speeding up the collection of receivables process, and tightening the operating cash outflows through cutting costs and capital expenditures.

In our auditor’s report on the Group’s financial statements for the year ended 31 March 2021 we highlighted that multiple material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern, existed. That facts and circumstances described above, along with other matters as described in note 2\* to the interim financial report, indicate that those multiple material uncertainties continue to exist as of the date of this report.

\* *Being note 1 in this announcement*

The validity of the going concern assumption on which the condensed consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the measures taken by the directors of the Company. The condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and, therefore, do not include any adjustments relating to the realisation and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the condensed consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTERIM DIVIDEND**

The directors of Arta TechFin Corporation Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

## **BUSINESS AND FINANCIAL REVIEW**

### **BUSINESS REVIEW**

The Company is an investment holding company whose certain subsidiaries are licensed by the Securities and Futures Commission of Hong Kong (the “SFC”) to engage in a full suite of regulated activities under the Securities and Futures Ordinance, including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. The Group has principally been engaged in the financial services sector, including provision of securities and futures brokerage, placing, underwriting and corporate advisory and margin financing services; provision of asset management services; and provision of insurance brokerage and financial planning services.



The consolidated net loss for the six months ended 30 September 2021 (the “Period”) of the Group was HK\$366 million (corresponding period in 2020: HK\$352 million). The consolidated net liabilities of the Group increased from HK\$2,975 million as at 31 March 2021 to HK\$3,316 million as at 30 September 2021. The consolidated net loss was mainly attributable to finance costs of HK\$329 million. Such finance costs were accrued in connection with debts that were transferred to the ListCo Schemes Scheme Co upon completion of the Restructuring on 1 November 2021. Accordingly, the net loss of the Group (after excluding such finance costs, one-time expenses related to the Restructuring of approximately HK\$13 million) for the Period would be approximately HK\$12 million.

With an aim to better reflect the corporate structure, strategic business plan and direction of future development of the Group particularly in the TechFin market and instil a new corporate image, the Company has changed its English name to Arta TechFin Corporation Limited. Details are stated under the paragraphs headed “Change of Company Name, Stock Short Name, Logo and Website” below.

## **RESUMPTION OF TRADING IN SHARES**

Reference is made to the announcement of the Company dated 29 October 2021 (the “Resumption Announcement”). Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) had been suspended since 28 February 2020. The Company fulfilled all the Resumption Conditions to the satisfaction of the Stock Exchange on 1 November 2021 upon the dismissal of the Petition and the discharge of the Provisional Liquidators on the same day pursuant to the order granted by the High Court of Hong Kong on 4 October 2021.

Trading in the Shares on the Stock Exchange resumed at 9:00 a.m. on 1 November 2021.

As at the date of this announcement, all trading restrictions imposed by the Stock Exchange and the SFC had been lifted.

## **INVESTMENTS IN ASSOCIATES**

As at 30 September 2021 and 31 March 2021, the Group held investments in associates with no value as the financial information of all the associates for the reporting periods are not available to the Group, representing (i) 31.74% effective shareholding interests in Imagination Holding Limited (“Imagination”), (ii) 28.13% shareholding interests in Jocasta Ventures Ltd (“Jocasta”), and (iii) 17.61% shareholding interests in FreeOpt Holdings Limited (“FreeOpt”).

Imagination is a company incorporated in the Republic of the Marshall Islands and an investment holding company. Its subsidiaries are principally engaged in the provision of money lending service and investment holding.



Jocasta is a company incorporated in the British Virgin Islands and an investment holding Company. Its subsidiary is principally engaged in the provision of money lending service.

FreeOpt is a company incorporated in the Republic of the Marshall Islands and an investment holding company. Its subsidiaries are principally engaged in the provision of money lending service.

The Group accounted for the investments in associates using the equity method.

Following the completion of the Restructuring on 1 November 2021, the investments in associates, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in the above associates.

## **OTHER FINANCIAL ASSETS**

As at 30 September 2021, the Group recorded non-current other financial assets of HK\$768 million (31 March 2021: HK\$745 million), representing (i) an unlisted equity investment with 12.17% (31 March 2021: 12.17%) equity interest in Shengang Securities Company Limited (the “Securities Company”), a full-licensed securities company in China (Shanghai) Pilot Free Trade Zone of the Closer Economic Partnership Arrangement between Mainland China and Hong Kong of HK\$734 million (31 March 2021: HK\$722 million) (with an original investment cost of Renminbi (“RMB”) 525 million as at the end of both reporting periods), representing 56.7% (31 March 2021: 50.9%) of the total assets of the Group of HK\$1,296 million (31 March 2021: HK\$1,418 million); and (ii) listed securities of The Philippine Stock Exchange, Inc. (“PSE”, whose shares are listed on The Philippine Stock Exchange, Inc., symbol: PSE) with a carrying amount of HK\$34 million (31 March 2021: HK\$23 million) (with an original investment cost of Philippines Peso (“PHP”) 252 million as at the end of both reporting periods), representing 2.6% (31 March 2021: 1.6%) of the total assets of the Group, representing 1.2% (31 March 2021: 1.2%) of PSE’s total issued shares.

### **i. SECURITIES COMPANY**

The Securities Company is principally engaged in securities brokerage, securities underwriting and sponsoring, securities trading and securities asset management related businesses in China. Based on the unaudited management accounts of Securities Company for the nine months ended 30 September 2021, the Securities Company recorded revenue of RMB910 million (equivalent to HK\$1,092 million), profit for the period of RMB173 million (equivalent to HK\$208 million), total assets of RMB11,674 million (equivalent to HK\$14,073 million) and net assets of RMB4,567 million (equivalent to HK\$5,505 million).

Based on the audited financial statements of the Securities Company for the year ended 31 December 2020, the Securities Company recorded revenue of RMB1,422 million (equivalent to HK\$1,599 million), net profit for the year of RMB331 million (equivalent to HK\$372 million), total assets of RMB9,535 million (equivalent to HK\$10,719 million) and net assets of RMB4,407 million (equivalent to HK\$4,954 million).

References are made to the announcements of the Company dated 17 November 2020, 10 February 2021 and 29 October 2021. On 10 November 2020, AGML, the Provisional Liquidators, Jiangsu Shagang Group Company Limited\* (江蘇沙鋼集團有限公司) (the “SSCL Purchaser”) and Cheery Plus Limited (the “SSCL Secured Creditor”) entered into a term sheet, pursuant to which AGML conditionally agreed to sell, and the SSCL Purchaser conditionally agreed to acquire, 12.17% of shareholding interest in the Securities Company at the consideration of RMB600 million.

On 9 February 2021, AGML, the Provisional Liquidators, the SSCL Purchaser and the SSCL Secured Creditor entered into the SSCL Disposal Supplemental Term Sheet, pursuant to which the parties agreed to amend and supplement the terms of the SSCL Disposal Term Sheet. On the same date, AGML, the Provisional Liquidators and the SSCL Purchaser entered into the SSCL Share Transfer Agreement, pursuant to which AGML conditionally agreed to sell, and the SSCL Purchaser conditionally agreed to acquire, the SSCL Interest at the consideration of RMB600 million.

The SSCL Purchaser paid RMB90 million to the Provisional Liquidators as deposit. The SSCL Disposal will proceed to completion after government approvals registration and filing procedures, including but not limited to the approval of the China Securities Regulatory Commission having been obtained or completed, currently expected to be on or before 31 December 2021. As at the date of this announcement, the Securities Company did not have material impact on the earnings of the Group.

## ii. PSE

PSE and its subsidiaries are principally engaged in the provision of trading, clearing, depository and information services for the equity market in the Philippines. The stock price of the listed securities of PSE as at 30 September 2021 amounted to PHP225 (equivalent to HK\$34) per share (31 March 2021: PHP142.8 (equivalent to HK\$23) per share). Based on the third quarterly report of PSE for the nine months ended 30 September 2021, PSE and its subsidiaries recorded revenue of PHP1,102 million (equivalent to HK\$175 million), profit for the nine months of PHP542 million (equivalent to HK\$86 million), total assets of PHP7,130 million (equivalent to HK\$1,087 million) and net assets of PHP5,354 million (equivalent to HK\$816 million).

\* *for identification purpose only*

Based on the annual report of PSE for the financial year ended 31 December 2020, PSE and its subsidiaries recorded revenue of PHP1,314 million (equivalent to HK\$205 million), profit for the year of PHP657 million (equivalent to HK\$103 million), total assets of PHP6,806 million (equivalent to HK\$1,097 million) and net assets of PHP5,465 million (equivalent to HK\$881 million). Following the completion of the Restructuring on 1 November 2021, PSE, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in the listed securities of PSE.

### **iii. Entity A**

At the end of the Period, the Company had an unlisted equity investment with 15.20% (31 March 2021: 15.20%) equity interest in an investment holding Company (“Entity A”), with an original investment cost of HK\$600 million. Due to the non-cooperation of the management of Entity A, the directors of the Company (the “Directors”) are unable to obtain and access to the books and records and no sufficient financial information of Entity A as at and for the Period and the year ended 31 March 2021 is available to the Directors. There were no carrying amount of Entity A as at 30 September 2021 and 31 March 2021. Following the completion of the Restructuring on 1 November 2021, the Entity A, being part of the assets of the Excluded Subsidiaries, was transferred to the ListCo Schemes SchemeCo. As at the date of this announcement, the Group no longer has any interest in Entity A.

## **INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Investments at fair value through profit or loss carries value less than 5% of the Group’s net assets as at 30 September 2021 and 31 March 2021.

The Group recorded net unrealised loss of investments at fair value through profit or loss of HK\$288,000 for the Period (corresponding period in 2020: net gain of HK\$11 million).

The Group realised its investments in listed securities with a carrying value of HK\$752,000 (corresponding period in 2020: HK\$120,000) for aggregate gross proceeds of HK\$724,000 (corresponding period in 2020: HK\$99,000), resulting net realised losses of investments at fair value through profit or loss of HK\$28,000 for the Period (corresponding period in 2020: HK\$21,000).

## **FINANCIAL REVIEW**

### **DECONSOLIDATION OF COMPANIES LOST CONTROL**

Since the books and records of some of the Company's subsidiaries (i.e. Wins Finance and its subsidiaries) are not available to the Provisional Liquidators and the Directors, the Directors cannot ascertain the financial position of those subsidiaries after 31 March 2019. Together with the fact that the Company has lost control over those subsidiaries, the Directors are of the view that those subsidiaries should be deconsolidated from the Group with effect from 1 April 2019. Following the completion of the Restructuring on 1 November 2021, the Deconsolidated Subsidiaries, being part of the Excluded Subsidiaries, had been transferred to the ListCo Schemes SchemeCo and no longer belong to the Group.

### **REVENUE AND PROFIT**

For the Period, the Group's consolidated revenue was HK\$30 million (corresponding period in 2020: HK\$7 million), consolidated net loss was HK\$366 million (corresponding period in 2020: HK\$352 million). The consolidated net loss for the Period was mainly attributable to finance costs of HK\$329 million. Income from securities and futures brokerage, placing, underwriting and financial advisory fee income and margin financing services was HK\$24 million, representing 4.2 times of such income of HK\$6 million in the corresponding period in 2020. The significant improvement in this segment was mainly due to the appointment and onboarding of high-caliber senior management team and senior advisors since June 2021 who brought in significant capital markets pipelines. The Group had recorded HK\$3 million fee income from the provision of asset management business (corresponding period in 2020: Nil). This new business line aroused from the onboarding of high-caliber senior management as described above and brought in new capital and clientele for expansion of our asset under management. Insurance brokerage income significantly increased by 74% to HK\$3 million as compared to HK\$2 million in the corresponding period in 2020, is mainly due to new business opportunities that brought by Concord Insurance Company Limited ("Concord") that the Group entered into insurance brokerage agreements. Upon the completion of the First Loan Conversion and the Subscription on 29 October 2021, Concord being as associate of the Company's new controlling shareholders become a connected person of the Company under the Listing Rules. During the six months ended 30 September 2021, the group recorded insurance brokerage income of attributable to Concord in the amount of approximately HK\$1 million (corresponding period in 2020: Nil) in aggregate.

The Group recorded a reversal of an allowance for expected credit losses as reversal of provision for impairment loss of accounts receivable of HK\$551,000 for the Period for its accounts receivable balance arising mainly from the decrease in the balance of margin clients of the Group at the end of the Period (corresponding period in 2020: provision of HK\$1 million).

Finance costs of HK\$329 million for the Period (corresponding period in 2020: HK\$316 million) were mainly due to interest accrued due to default and cross-default on certain borrowings.

Other income and gains substantially decreased to HK\$5 million for the Period (corresponding period in 2020: HK\$7 million). The decrease was mainly due to the decrease of government grants in Hong Kong and government financial support in the PRC and partially offset by miscellaneous income earned from our securities brokerage operation.

The Group recorded net unrealised loss on investments at fair value through profit or loss of HK\$288,000 for the Period (corresponding period in 2020: net gain of HK\$11 million).

Income tax expense amounted to HK\$7 million for the Period (corresponding period in 2020: Nil) is the under-provision of Hong Kong profits tax for prior year. As disclosed in the circular of the Company dated 26 May 2021, Arta Global Markets Limited (“AGML”, formerly known as Freeman Securities Limited), a wholly-owned subsidiary of the Company is currently in dispute with the Inland Revenue Department regarding (a) the gain from disposal of the stock of a company for the year of assessment 2015/16; and (b) the management fee paid to a company for the years of assessment 2014/2015 and 2015/2016. The Company estimated that, in the event the Inland Revenue Department disagrees with the response of AGML regarding such tax disputes, the estimated taxation liability payable by AGML amounts to HK\$7,087,607, representing the maximum liability payable by AGML calculated based on the maximum value of the relevant parameters. As at the date of this announcement, the Inland Revenue Department has not issued the final and non-appealable determination to the Company regarding the abovementioned tax disputes.

During the Period, cost saving is a continuous aim in monitoring daily operations by the Group. General and administrative expenses amounted to HK\$41 million, remained stable for the corresponding period in 2020 of HK\$41 million. Total employee benefit expenses (excluding directors’ remuneration) amounted to HK\$20 million for the Period (corresponding period in 2020: HK\$16 million). Legal and professional fees amounted to HK\$1 million (corresponding period in 2020: HK\$3 million) were incurred for the Period mainly for the recovering of indebtedness of the Group and the legal proceedings against certain borrowers and margin customers with overdue balances.

Net loss attributable to shareholders of the Company (“Shareholders”) for the Period was HK\$366 million (corresponding period in 2020: HK\$352 million). Basic and diluted loss per share was HK\$0.20 (corresponding period in 2020: HK\$0.19).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 September 2021, the Group had total assets of HK\$1,296 million (31 March 2021: HK\$1,418 million) and total liabilities of HK\$4,612 million (31 March 2021: HK\$4,393 million). The net liabilities of the Group as at 30 September 2021 were HK\$3,316 million (31 March 2021: HK\$2,975 million). As at 30 September 2021, net current liabilities of the Group amounted to HK\$4,089 million (31 March 2021: HK\$3,714 million) with cash and bank balances of HK\$437 million (31 March 2021: HK\$399 million) and the current ratio (current assets/current liabilities) was 0.11 (31 March 2021: 0.15). The Group had secured borrowings of HK\$2,683 million (31 March 2021: HK\$2,683 million) and unsecured borrowings of HK\$254 million (31 March 2021: HK\$358 million). Gearing ratio, calculated on the basis of the Group's borrowings divided by the equity attributable to ordinary equity holders of the Company were not available as at 30 September 2021 and 31 March 2021 as the Group had deficits in its equities. The borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong Dollar Prime Rate or lender's costs of funds were made in Hong Kong dollar and United States ("US") dollar. 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.

As at 30 September 2021, the Group had net deficiencies in asset HK\$3,316 million (31 March 2021: HK\$2,975 million).

### **PLEDGE OF ASSETS**

As at 30 September 2021, US\$90 million (equivalent to HK\$702 million) of borrowings were secured by the shares in the capital of certain wholly-owned subsidiaries of the Company, 20% equity interest of Wins Finance held by the Group, and personal guarantees given by Mr. Zhang Yongdong ("Mr. Zhang", a Shareholder) and his spouse.

As at 30 September 2021, US\$76 million (equivalent to HK\$593 million) and HK\$185 million of borrowings were secured by certain shares in the capital of a wholly-owned subsidiary of the Company, 17.26% equity interest of Wins Finance held by the Group, certain shares held by Mr. Zhang and personal guarantees given by Mr. Zhang and his spouse.

As at 30 September 2021, US\$99 million (equivalent to HK\$772 million) of borrowings were secured by 30% equity interest of Wins Finance held by the Group.



As at 30 September 2021, HK\$429 million of borrowings were secured by 12.17% equity interest of the Securities Company held by the Group.

Following the completion of the Restructuring on 1 November 2021, the above secured borrowings were relieved and there would have no claim against the Group in respect of their indebtedness upon Resumption. As at the date of this announcement, the Group has no secured borrowings.

## **EVENT AFTER THE REPORTING PERIOD**

### **Completion of the Restructuring**

The Restructuring described in the Circular of the Company dated 26 May 2021 was completed upon the Resumption on 1 November 2021 as disclosed in the Resumption Announcement.

### **ListCo Schemes have become effective**

The Company was informed by the Provisional Liquidators that (i) a copy of the order of the Grand Court sanctioning the Cayman Islands ListCo Scheme had been filed with the Cayman Islands Registrar of Companies on 28 October 2021; and (ii) a copy of the order of the High Court sanctioning the Hong Kong ListCo Scheme was delivered to the Registrar of Companies in Hong Kong on 1 November 2021 and accordingly, the ListCo Schemes became effective on the same day.

As a result, with effect from 1 November 2021, the Group no longer has any interest in the Excluded Subsidiaries which have all been transferred to the ListCo Schemes SchemeCo under the Restructuring.

### **Issue of First Loan Conversion Shares, Subscription Shares and Scheme Shares and Placing Down**

A total of 14,945,409,504 new Shares were issued to the Investor upon completion of the Subscription, the First Loan Conversion and the issue of the Scheme Shares, as a result of which the Investor would hold approximately 80% of the enlarged issued share capital of the Company. is maintained. In order to ensure that there is adequate public float for the Shares as required under the Listing Rules immediately following such issuances of Shares and upon Resumption, the Investor has completed the Placing Down in respect of 934,092,000 Shares (the “Placing Shares”) at the placing price of HK\$0.03747 per Placing Share to independent placees (the “Placees”) who are neither connected persons of the Company nor parties acting in concert with the Investor under the Takeovers Code.

Accordingly, on 29 October 2021, the Company issued to (i) the Investor, the First Loan Conversion Shares and the Subscription Shares (other than the Placing Shares); (ii) the ListCo Schemes SchemeCo, the Scheme Shares for the benefit of the ListCo Schemes Creditors; and (iii) the Placees, the Placing Shares as directed by the Investor. As at the date of this announcement, the Investor is interested in 75% of the issued share capital of the Company.

The proceeds from the issue of the First Loan Conversion Shares of HK\$161,174,982 from the Investor had been utilised as intended for partial settlement to the LC Secured Lender and all the relevant conditions in relation to the release of proceeds of the First Loan as set out in the First Loan Agreement had been satisfied.

The proceeds from the issue of the Subscription Shares of HK\$80,000,000 from the Investor had been utilised as intended and applied as the Scheme Cash Consideration to discharge the liabilities of the Company under the ListCo Schemes and pay the costs and expenses for the implementation of the ListCo Schemes.

### **Drawdown of the Second Loan**

In November 2021, the Company received the drawdown of the remaining balance in the principal of the Second Loan of HK\$20 million from the Investor. As at the date of this announcement, the aggregate proceeds from the drawdown of the Second Loan of HK\$40 million has been used as intended as payment for or contribution towards the costs, expenses, fees and charges incurred for the Proposed Restructuring.

### **CONTINGENT LIABILITIES**

On 27 September 2021, the Provisional Liquidators applied to the High Court for dismissal of the Petition and discharge of Provisional Liquidators, upon which, on 4 October 2021, the High Court ordered that, the Petition be dismissed and the Provisional Liquidators be discharged on 1 November 2021, with liberty to the Petitioner and the Provisional Liquidators to apply.

Subsequent to the dismissal of Petition and discharge of Provisional Liquidators on 1 November 2021, and save as disclosed elsewhere in this announcement, the Group is not aware of other material contingent liabilities.



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

As at 30 September 2021, the Group employed 64 staff members including the Executive Directors of the Company (30 September 2020: 53 staff members). Staff costs incurred for the Period, including directors' remuneration, were HK\$22 million (30 September 2020: HK\$22 million). The Company has adopted a share option scheme and the Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees. During the Period, no share options were granted cancelled, exercised or lapsed. The Company had no outstanding share options after the close of business on 15 January 2021.

## **PROSPECTS**

Following the completion of the Restructuring and the resumption of trading in the Shares, Dr. Cheng Chi-Kong, Adrian *JP* has become the controlling Shareholder and Chairman of the Company. The Group is led by the new senior management team which composes of high-caliber industry veterans with proven track record in asset management and global markets.

Going forward, the Group's business model is to integrate its core capabilities and the expertise and network that the new senior management brings to the platform to enable the Group to enable development and realisation of the full potentials of its licensed capabilities, and to fuel the growth of the Group's global markets ("GM"), asset management ("AM"), insurance brokerage ("IS") and technology capabilities in financial services ("TechFin"). The Group's ultimate goal is to become one of the most popular one stop full-fledged financial service and product provider for retail, professional and institutional investor clients.

### **Global Markets**

The GM business comprises of team members who have solid experience in placements and syndication of equity and debt issuance in Hong Kong and the region whose background and connection would help secure business in high quality equity capital market ("ECM"), debt capital market ("DCM"), private structured finance transactions, and mergers and acquisitions ("M&A"). During the Period, the Group secured several important mandates and is optimistic that GM will be a key growth driver of the Group. The financial markets team will continue to develop the brokerage operations.

### **Asset Management**

The AM business, which is a new business line for this Period will continue to build on existing client base which includes professional, corporate and institutional investors to enlarge the asset under management. The AM business focuses on China cross-border multi-asset investment opportunities via both private and public vehicles. Furthermore, the AM and GM business will collaborate in transactions which involve structuring and issuance of private equity and debt transactions.

## **Insurance Brokerage**

The IS business, which has been affected by the border impediment between the PRC and Hong Kong should be relieved by the upcoming gradual resumption of quarantine-free travel and greater collaboration with Concord.

## **TechFin Development**

Lastly, the Group is concurrently developing its TechFin business, via proprietary engineering and strategic partnership, with the vision to transform/redefine deliveries of financial services to enhance client experience in engagement and interaction with the service provider. The Group is re-engineering its traditional brokerage business into a multi-asset brokerage platform via organic growth, TechFin development as well as strategic partnership with product providers.

Despite global recovery will continue to face uncertainties in the foreseeable future due to the continuing global battle against the pandemic, the Directors are confident that upon the rebranding of corporate image into “ARTA” and the repositioning of the Group’s business focus led by the Board’s initiative, the Group will achieve long-term sustainable growth in business scale, development quality and operation profitability in an effort to create greater value for customers and shareholders continuously.

With the successful completion of the Group’s restructuring and reorganisation, the Group will no longer incur finance costs and/or carry losses and/or borrowings (including those of the Excluded Subsidiaries) that have been transferred to the Listco Schemes Scheme Co or otherwise settled under the Listco Schemes. The Board looks forward to developing the Group’s business and operations free of one-off restructuring related costs and expenses after the third quarter of this financial year.

## **CHANGE OF COMPANY NAME, STOCK SHORT NAME, LOGO AND WEBSITE**

Following the approval of the change of Company name by the Shareholders by way of special resolution at the annual general meeting, the Registrar of Companies in the Cayman Islands has issued the Certificate of Incorporation on Change of Name dated 29 September 2021 confirming the change of the English name of the Company from “Freeman FinTech Corporation Limited” to “Arta TechFin Corporation Limited” and the dual foreign name in Chinese of the Company from “民眾金融科技控股有限公司” to “裕承科金有限公司”. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company dated 18 October 2021 was issued by the Registrar of Companies in Hong Kong, confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Accordingly, the stock short name of the Company for trading in the shares of the Company on the Stock Exchange had been changed from “FREEMAN FINTECH” to “ARTA TECHFIN” in English and from “民眾金融科技” to “裕承科金” in Chinese with effect from 9:00 a.m. on 1 November 2021. The stock code of the Company remains unchanged.

In October 2021, the Company had adopted a company logo to reflect the new name of the Company, which will be printed on the relevant corporate documents of the Company, including but not limited to interim and annual reports, announcements, circulars and press releases.

On 1 November 2021, the Company’s website had been changed from “<http://www.freeman279.com>” to “<http://www.artatechfin.com>”.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

## **AUDIT COMMITTEE**

The condensed consolidated financial statements of the Company for the six months ended 30 September 2021 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 Hong Kong Institute of Certified Public Accountants. The Audit Committee of the Company was set up with two Independent Non-executive Directors (the "INEDs") and one Non-executive Director on 29 October 2021 with the dismissal of the Provisional Liquidators on 1 November 2021. The Audit Committee had not been maintained as at 30 September 2021. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and to review the accounting principles and practices, risk management and internal control systems, interim and annual results of the Group.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules of Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code on corporate governance practices. During the Period, the Company appeared to comply, based on the limited information available to the Directors, with the code provisions as set out in the CG Code, except for the following and save as otherwise disclosed in this announcement:

- Section F of the CG Code – Since the Company has no company secretary from 6 March 2020, the Company was unable to comply with relevant code provisions under Section F.

The Company had no company secretary until the appointment of Ms. Chau Yuen Ching Ruby ("Ms. Chau") to fill the casual vacancy of the position of the company secretary with effect from 29 October 2021. Since Ms. Chau's appointment as the company secretary, the relevant deviation to Section F of the CG Code was remediated.

- Section J and Code Provision A.2.1 of the CG Code – The Company had no Chairman of the Board from 1 July 2021 and had no Chief Executive Officer (the “CEO”) from 16 March 2020.

Mr. Lau Fu Wing, Eddie (“Mr. Lau”) had been appointed to fill the casual vacancy of the position of the CEO with effect from 1 June 2021. Dr. Cheng Chi-Kong, Adrian *JP* (“Dr. Cheng”) has been appointed to fill the casual vacancy of the position of the Chairman of the Board with effect from 29 October 2021. Since Mr. Lau’s appointment as the CEO and Dr. Cheng’s appointment as the Chairman of the Board, the deviation to Section J and Code Provision A.2.1 have been remediated. During the absence of a Chairman and a CEO, the Provisional Liquidators had taken up the roles.

- Section L and Code Provision C.3 of the CG Code – Following the appointment of the Provisional Liquidators on 28 February 2020, the powers of the Directors had been transferred to and assumed by the Provisional Liquidators that they had the power to authorise any Director as they think fit to assist them in managing the affairs of the Company. No Independent Non-executive Directors (“INEDs”) had been involved in any affairs of the Company, thus, the Audit Committee, Remuneration Committee and Nomination Committee (collectively, the “Board Committees”) had not been maintained for the reporting period.

Ms. Ling Kit Sum Imma, Mr. Lo Chun Yu Toby and Dr. Tam Lai Fan Gloria have been appointed as INEDs to fill the casual vacancy with effect from 29 October 2021. The Audit Committee, Remuneration Committee and Nomination Committee have been set up on 29 October 2021 accordingly. Since their appointment as the INEDs and the formation of the Board Committees, the deviation to Section L and Code Provision C.3 of the CG Code have been remediated.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry with all Directors, the Company confirmed that throughout the reporting period, all Directors have complied with the required standards set out in the Model Code.

## **PUBLICATION OF FINANCIAL INFORMATION**

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.artatechfin.com>). The Group's interim report for 2021 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**  
*Chief Executive Officer*

Hong Kong, 30 November 2021

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

***Executive Directors:***

Mr. Lau Fu Wing, Eddie

Ms. Li Chuchu, Tracy

Ms. Yeung Shuet Fan Pamela

***Non-executive Directors:***

Dr. Cheng Chi-Kong, Adrian *JP*

Mr. Han Kam Leung, Michael

***Independent Non-executive Directors:***

Ms. Ling Kit Sum Imma

Mr. Lo Chun Yu Toby

Dr. Tam Lai Fan Gloria