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## **ARTA TECHFIN CORPORATION LIMITED**

**裕承科金有限公司**

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

**(Stock Code: 279)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY**

#### **THE DISPOSAL**

On 21 December 2023 (after trading hours), the Company as seller entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire the entire issued shares of the Target Company, at the Consideration subject to the terms and conditions of the Sale and Purchase Agreement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal and the transactions contemplated under the Sale and Purchase Agreement constitute a discloseable transaction for the Company and is therefore subject to the announcement requirements but exempt from the shareholders' approval requirements under the Listing Rules.

On 21 December 2023 (after trading hours), the Company as seller entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire the Sale Shares, at the Consideration subject to the terms and conditions of the Sale and Purchase Agreement.

## THE DISPOSAL

The principal terms of the Sale and Purchase Agreement are set out below.

**Date** : 21 December 2023 (after trading hours)

**Parties** : the Company as seller; and the Purchaser as purchaser

### Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire the Sale Shares, which represent the entire issued shares of the Target Company.

### Consideration

The total consideration (the “**Consideration**”) payable by the Purchaser to the Company upon Completion shall be HK\$825,336. The Consideration was determined after arm’s length negotiations between the Purchaser and the Company based on, inter alia, (i) the unaudited net asset value of the Target Company of approximately HK\$860,000 as at 30 September 2023; (ii) the decrease in cash and bank balance of the Target Company from 1 October 2023 and up to the date of the Sale and Purchase Agreement of approximately HK\$109,000; and (iii) the Target Company being a licensed insurance intermediary (insurance broker company) to carry on Long Term Business (including Linked Long Term Business).

### Conditions precedent

Completion is subject to and conditional upon the fulfilment or waiver of the following conditions:

- (a) the Seller having notified the Insurance Authority of the transfer of the Sale Shares and change of shareholder of the Target Company (the “**IA Notification Condition**”);
- (b) the respective board of directors of the Purchaser and the Seller passing a resolution to approve, inter alia, the transactions contemplated in the Sale and Purchase Agreement;
- (c) subject to the Purchaser deemed to have accepted the title of the Seller to the Sale Shares and the due diligence results of the Company up to and including the date of the Sale and Purchase Agreement, each of the Seller’s representations and warranties set out under the Sale and Purchase Agreement is and remains true and correct as at Completion; and
- (d) each of the Purchaser’s representations and warranties set out under the Sale and Purchase Agreement is and remains true and correct as at Completion.

In the event where the Purchaser fails to complete the sale and purchase of the Sale Shares due to reasons other than the Seller's default, the Sale and Purchase Agreement shall be terminated and the Purchaser shall pay to the Seller all reasonable out-of-pocket costs and expenses (including legal costs) which are incurred by the Seller in connection with the Sale and Purchase Agreement and the due diligence investigation in the maximum amount of HK\$50,000 in aggregate.

### **Completion**

Completion will take place on the date as agreed by the Company and the Purchaser after fulfilment of the IA Notification Condition.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial results of the Company.

### **INFORMATION OF THE PURCHASER**

The Purchaser is a company incorporated under the laws of Republic of the Marshall Islands. Based on the information provided by the Purchaser, the Purchaser is principally engaged in investment holding and is owned as to 100% by TGM Groups Holding Limited, which in turn is beneficially owned as to 100% by Mr. Chuang Tze Cheung, Christopher.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent from the Company and its connection persons.

### **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated under the laws of Hong Kong and is a direct wholly-owned subsidiary of the Company as at the date of this announcement. The Target Company is currently a licensed insurance intermediary (insurance broker company) by the Insurance Authority to carry on Long Term Business (including Linked Long Term Business) as regulated under the Insurance Ordinance as at the date of this announcement, and is principally engaged in the provision of insurance brokerage services, financial planning and related services.

## Financial Information of the Target Company

Set out below are the financial information of the Target Company for the two financial years ended 31 December 2022:

	<b>For the year ended 31 December 2021 (audited) HK\$'000</b>	<b>For the year ended 31 December 2022 (audited) HK\$'000</b>
<b>Revenue</b>	1,818	1,643
<b>Loss before taxation</b>	2,423	542
<b>Loss after taxation</b>	2,423	542

As at 31 October 2023, the unaudited net assets of the Target Company based on the unaudited management accounts of the Target Company attributable to the Group were approximately HK\$325,000.

## FINANCIAL EFFECT OF THE DISPOSAL

The Group is expected to record an unaudited gain of approximately HK\$500,000 as a result of the Disposal, which is calculated with reference to the difference between the Consideration and the net assets of the Target Company attributable to the Group of approximately HK\$325,000 before relevant expenses relating to the Disposal, which is subject to final audit to be performed by the auditors of the Company.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the financial services sector, including the provision of securities and futures brokerage services, corporate advisory and margin financing services, placing and underwriting services, insurance brokerage and financial planning services and the provision of asset management and advisory services, as well as an investment holding, of which the Group engages in the distribution of insurance products to corporate and individual clients and the provision of wealth management planning and related services especially in Hong Kong and the Greater Bay Area region (the “**Insurance Brokerage Business**”) through the Target Company and Arta Asset Management Limited (“**Arta AM**”).

As disclosed in the Company's annual report for the year ended 31 March 2023, the revenue attributable to the Company's Insurance Brokerage Business decreased by approximately 42.6% from approximately HK\$4,324,000 for the year ended 31 March 2022 to approximately HK\$2,482,000 for the year ended 31 March 2023 due to challenging market conditions. In particular, the Target Company incurred net loss after taxation since the year ended 31 December 2020 and recorded a net loss before taxation of approximately HK\$542,000 for the year ended 31 December 2022.

Although it was expected that the revenue attributable to the Company's Insurance Brokerage Business would improve with gradual resumption of business activities between Hong Kong and China following the border reopening of Hong Kong and China in early-2023, given the continued loss-making situation of the Target Company and that the Target Company is only licensed to carry on Long Term Business (including Linked Long Term Business), the Director consider that the Disposal represents a good opportunity for the Group to streamline and focus its existing Insurance Brokerage Business through Arta AM (which is licensed to carry on both General and Long Term Business (including Linked Long Term Business) and allows the Group to reallocate its resources to Arta AM.

Having considered the above, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

The gross proceeds and net proceeds from the Disposal amount to approximately HK\$825,000 and HK\$788,000, respectively. The net proceeds from the Disposal are intended to be applied as general working capital of the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal and the transactions contemplated under the Sale and Purchase Agreement constitute a discloseable transaction for the Company and is therefore subject to the announcement requirements but exempt from the shareholders' approval requirements under the Listing Rules.

## **DEFINITIONS**

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

**“Board”** the board of Directors

<b>“Company”</b>	Arta TechFin Corporation Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 279)
<b>“Completion”</b>	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Consideration”</b>	has the meaning ascribed to it under the section headed “The Disposal – Consideration”
<b>“Disposal”</b>	the disposal of the entire issued shares of the Target Company by the Company to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
<b>“Director(s)”</b>	the directors of the Company
<b>“General Business”</b>	has the meaning ascribed to it under the Insurance Ordinance
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Insurance Authority”</b>	Insurance Authority of Hong Kong
<b>“Insurance Ordinance”</b>	Insurance Ordinance (Chapter 41 of the laws of Hong Kong)
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Long Term Business”</b>	has the meaning ascribed to it under the Insurance Ordinance
<b>“Purchaser”</b>	GSC Limited, a company incorporated under the laws of Republic of the Marshall Islands

<b>“Sale and Purchase Agreement”</b>	the sale and purchase agreement dated 21 December 2023 entered into between the Company (as seller) and the Purchaser (as purchaser) in relation to the Disposal
<b>“Sale Shares”</b>	3,780,000 ordinary shares of the Target Company which represent in total 100% of the entire issued shares of the Target Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Target Company”</b>	Freeman Prestige Wealth Management Limited, a company incorporated under the laws of Hong Kong and is a licensed insurance intermediary (insurance broker company) by the Insurance Authority to carry on regulated activities under the Insurance Ordinance as at the date of this announcement
<b>“%”</b>	per cent.

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

Hong Kong, 21 December 2023

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