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The logo for True Partner Capital Holding is a blue square with white text. The text "True Partner" is on the top line and "Capital Holding" is on the bottom line, separated by a thin white horizontal line.

True Partner  
Capital Holding

## **TRUE PARTNER CAPITAL HOLDING LIMITED**

*(Incorporated under the laws of the Cayman Islands with limited liability)*

**(Stock Code: 8657)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Directors**” or individually a “**Director**”) of True Partner Capital Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## Corporate Overview

- **Established in 2010, by a team of former market makers, True Partner Capital Holding is a specialized hedge fund manager**
- **Focused on volatility trading in liquid markets**, principally in equity index futures, options and ETFs
- Diversified **global investor base** across our products
- **Stable and experienced management**: key personnel have worked together for almost a decade
- Specialized segment of asset management with **a history of growth**
- 3-T Model – Combination of **advanced technology** with **experienced team** covering **specialised trading strategies**
- **Global coverage** to enable **trading around the clock**, with offices in Asia, the US and Europe
- The Company benefits from **proprietary technology** that shapes its trading approach and includes a range of modules and tools
- Potential **growth opportunities** in adjacent market segments leveraging **scalable investment platform**

## FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together as the “**Group**”) for the three months ended 31 March 2021 (the “**Reporting Period**”) together with the audited comparative figures of the corresponding period in 2020 as set out below:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three months ended 31 March 2021*

|                                                                                                       |             | <b>Three months<br/>ended 31 March<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | <b>2020<br/>HK\$'000<br/>(Audited)</b> |
|-------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------|----------------------------------------|
|                                                                                                       | <i>Note</i> |                                                                              |                                        |
| Revenue                                                                                               | 4           | 14,795                                                                       | 49,598                                 |
| Other income                                                                                          | 4           | 1                                                                            | 55                                     |
| Direct costs                                                                                          |             | (1,659)                                                                      | (2,794)                                |
| Fair value (loss)/gain on financial assets at<br>fair value through profit or loss                    |             | (1,086)                                                                      | 2,392                                  |
| General and administrative expenses                                                                   |             | (15,726)                                                                     | (22,500)                               |
| Listing expenses                                                                                      |             | –                                                                            | (10,598)                               |
| Finance costs                                                                                         |             | (22)                                                                         | (37)                                   |
| Gain on dilution of interest in an associate                                                          |             | 90                                                                           | –                                      |
| Share of results of associates                                                                        |             | (76)                                                                         | –                                      |
|                                                                                                       |             | <hr/>                                                                        | <hr/>                                  |
| (Loss)/profit before income tax                                                                       | 5           | (3,683)                                                                      | 16,116                                 |
| Income tax expense                                                                                    | 6           | (692)                                                                        | (5,284)                                |
|                                                                                                       |             | <hr/>                                                                        | <hr/>                                  |
| (Loss)/profit for the period                                                                          |             | (4,375)                                                                      | 10,832                                 |
|                                                                                                       |             | <hr/>                                                                        | <hr/>                                  |
| Other comprehensive loss                                                                              |             |                                                                              |                                        |
| Item that may be reclassified subsequently to<br>profit or loss:                                      |             |                                                                              |                                        |
| Exchange differences on translation of foreign<br>operations                                          |             | (122)                                                                        | (10)                                   |
|                                                                                                       |             | <hr/>                                                                        | <hr/>                                  |
| Item that will not be reclassified to profit or<br>loss:                                              |             |                                                                              |                                        |
| Fair value loss on financial assets designated at<br>fair value through other comprehensive<br>income |             | –                                                                            | (1,181)                                |
|                                                                                                       |             | <hr/>                                                                        | <hr/>                                  |
| Other comprehensive loss                                                                              |             | (122)                                                                        | (1,191)                                |
|                                                                                                       |             | <hr/>                                                                        | <hr/>                                  |
| Total comprehensive (loss)/income<br>for the period                                                   |             | <u>(4,497)</u>                                                               | <u>9,641</u>                           |

|                                                                      |   | <b>Three months<br/>ended 31 March</b> |                 |
|----------------------------------------------------------------------|---|----------------------------------------|-----------------|
|                                                                      |   | <b>2021</b>                            | 2020            |
| <i>Note</i>                                                          |   | <b><i>HK\$'000</i></b>                 | <i>HK\$'000</i> |
|                                                                      |   | <b>(Unaudited)</b>                     | (Audited)       |
| (Loss)/profit for the period attributable to:                        |   |                                        |                 |
| Owners of the Company                                                |   | <b>(4,464)</b>                         | 10,644          |
| Non-controlling interest                                             |   | <b>89</b>                              | 188             |
|                                                                      |   | <u><b>(4,375)</b></u>                  | <u>10,832</u>   |
| Total comprehensive (loss)/income<br>for the period attributable to: |   |                                        |                 |
| Owners of the Company                                                |   | <b>(4,586)</b>                         | 9,453           |
| Non-controlling interest                                             |   | <b>89</b>                              | 188             |
|                                                                      |   | <u><b>(4,497)</b></u>                  | <u>9,641</u>    |
| (Loss)/earnings per share ( <i>HK cents</i> )                        |   |                                        |                 |
| Basic and diluted                                                    | 8 | <u><b>(1.12)</b></u>                   | <u>3.55</u>     |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2021

|                                                   | Reserves      |                |                              |                  |                         |                          |                      |                  | Total          | Non-controlling interests | Total equity   |
|---------------------------------------------------|---------------|----------------|------------------------------|------------------|-------------------------|--------------------------|----------------------|------------------|----------------|---------------------------|----------------|
|                                                   | Share capital | Share premium  | Group reorganisation reserve | Exchange reserve | Fair value reserve      | Capital reserve          | Share option reserve | Retained profits |                |                           |                |
|                                                   |               |                |                              |                  |                         |                          |                      |                  |                |                           |                |
|                                                   |               |                |                              |                  |                         |                          |                      |                  |                |                           |                |
|                                                   |               |                |                              |                  |                         |                          |                      |                  |                |                           |                |
|                                                   | HK\$'000      | HK\$'000       | HK\$'000                     | HK\$'000         | (Notes (i))<br>HK\$'000 | (Notes (ii))<br>HK\$'000 | HK\$'000             | HK\$'000         | HK\$'000       | HK\$'000                  | HK\$'000       |
| At 1.1.2020 (audited)                             | 2             | 32,484         | 1,145                        | (52)             | (2,262)                 | 7,234                    | –                    | 42,512           | 81,063         | 4,658                     | 85,721         |
| Profit for the period                             | –             | –              | –                            | –                | –                       | –                        | –                    | 10,644           | 10,644         | 188                       | 10,832         |
| Other comprehensive loss                          | –             | –              | –                            | (10)             | (1,181)                 | –                        | –                    | –                | (1,191)        | –                         | (1,191)        |
| Total comprehensive income for the period         | –             | –              | –                            | (10)             | (1,181)                 | –                        | –                    | 10,644           | 9,453          | 188                       | 9,641          |
| At 31.3.2020 (audited)                            | <u>2</u>      | <u>32,484</u>  | <u>1,145</u>                 | <u>(62)</u>      | <u>(3,443)</u>          | <u>7,234</u>             | <u>–</u>             | <u>53,156</u>    | <u>90,516</u>  | <u>4,846</u>              | <u>95,362</u>  |
| At 1.1.2021 (audited)                             | 4,000         | 153,074        | 1,145                        | 11               | (3,173)                 | 7,234                    | 486                  | 68,661           | 231,438        | 5,265                     | 236,703        |
| Loss for the period                               | –             | –              | –                            | –                | –                       | –                        | –                    | (4,464)          | (4,464)        | 89                        | (4,375)        |
| Other comprehensive loss                          | –             | –              | –                            | (122)            | –                       | –                        | –                    | –                | (122)          | –                         | (122)          |
| Total comprehensive loss for the period           | –             | –              | –                            | (122)            | –                       | –                        | –                    | (4,464)          | (4,586)        | 89                        | (4,497)        |
| Recognition of equity-settled share-based expense | –             | –              | –                            | –                | –                       | –                        | 581                  | –                | 581            | –                         | 581            |
| At 31.3.2021 (unaudited)                          | <u>4,000</u>  | <u>153,074</u> | <u>1,145</u>                 | <u>(111)</u>     | <u>(3,173)</u>          | <u>7,234</u>             | <u>1,067</u>         | <u>64,197</u>    | <u>227,433</u> | <u>5,354</u>              | <u>232,787</u> |

## Notes:

- (i) Fair value reserve represents the cumulative net change in the fair value of financial assets at fair value through other comprehensive income.
- (ii) Capital reserve represents equity transaction between the Group and the non-controlling interests in prior years.

## NOTES TO THE QUARTERLY FINANCIAL INFORMATION

### 1. Corporate information

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is located at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in fund management business and providing consultancy services.

The shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited on 16 October 2020.

### 2. Basis of preparation

The quarterly financial information has been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted in preparing the quarterly financial information are consistent with those applied in the consolidated financial statements of the Group for the year ended 31 December 2020.

The quarterly financial information have been prepared on the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

It should be noted that accounting estimates and assumptions are used in the preparation of the quarterly financial information. Although these estimates are based on the management’s best knowledge and judgement to current events and actions, actual results may ultimately differ from those estimates.

### 3. Segment information

#### (a) *Geographical information*

The Company is domiciled in the Cayman Islands with the Group's major operations in Hong Kong. In order to maximise trading opportunities in different stock markets around the world, the Group also has trading offices in Chicago.

Geographical information of revenue for the three months ended 31 March 2021 and 2020, is as follows:

|           | <b>Three months ended<br/>31 March</b> |                  |
|-----------|----------------------------------------|------------------|
|           | <b>2021</b>                            | <b>2020</b>      |
|           | <b>HK\$'000</b>                        | <b>HK\$'000</b>  |
|           | <b>(Unaudited)</b>                     | <b>(Audited)</b> |
| Hong Kong | <b>10,043</b>                          | 40,684           |
| Chicago   | <b>4,752</b>                           | 8,914            |
|           | <b>14,795</b>                          | 49,598           |

#### (b) *Information about major customers*

For the three months ended 31 March 2021 and 2020, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows:

|            | <b>Three months ended<br/>31 March</b> |                   |
|------------|----------------------------------------|-------------------|
|            | <b>2021</b>                            | <b>2020</b>       |
|            | <b>HK\$'000</b>                        | <b>HK\$'000</b>   |
|            | <b>(Unaudited)</b>                     | <b>(Audited)</b>  |
| Customer A | <b>6,893</b>                           | 37,389            |
| Customer B | <b>4,752</b>                           | NA <sup>(1)</sup> |
| Customer C | <b>2,056</b>                           | NA <sup>(1)</sup> |
| Customer D | <b>NA<sup>(1)</sup></b>                | 5,579             |

<sup>(1)</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

#### 4. Revenue and other income

An analysis of the Group's revenue and other income is as follows:

##### *Revenue*

|                                                | Three months ended<br>31 March |               |
|------------------------------------------------|--------------------------------|---------------|
|                                                | 2021                           | 2020          |
|                                                | HK\$'000                       | HK\$'000      |
|                                                | (Unaudited)                    | (Audited)     |
| <b>Revenue from funds and managed accounts</b> |                                |               |
| Management fee income                          | 14,795                         | 14,239        |
| Performance fee income                         | –                              | 35,359        |
|                                                | <u>14,795</u>                  | <u>49,598</u> |

Timing of revenue recognition:

|           | Three months ended<br>31 March |               |
|-----------|--------------------------------|---------------|
|           | 2021                           | 2020          |
|           | HK\$'000                       | HK\$'000      |
|           | (Unaudited)                    | (Audited)     |
| Over time | <u>14,795</u>                  | <u>49,598</u> |

##### *Other income*

|                    | Three months ended<br>31 March |           |
|--------------------|--------------------------------|-----------|
|                    | 2021                           | 2020      |
|                    | HK\$'000                       | HK\$'000  |
|                    | (Unaudited)                    | (Audited) |
| Interest income    | 1                              | –         |
| Exchange gain, net | <u>–</u>                       | <u>55</u> |
|                    | <u>1</u>                       | <u>55</u> |



**5. (Loss)/profit before income tax**

|                                                                           | <b>Three months ended</b> |                   |
|---------------------------------------------------------------------------|---------------------------|-------------------|
|                                                                           | <b>31 March</b>           |                   |
|                                                                           | <b>2021</b>               | <b>2020</b>       |
|                                                                           | <b>HK\$'000</b>           | <b>HK\$'000</b>   |
|                                                                           | <b>(Unaudited)</b>        | <b>(Audited)</b>  |
| (Loss)/profit before income tax is arrived at after charging/(crediting): |                           |                   |
| Amortisation of intangible assets                                         | 7                         | 7                 |
| Auditor's remuneration                                                    | 307                       | 129               |
| Depreciation of plant and equipment                                       | 271                       | 224               |
| Depreciation of right-of-use assets                                       | 422                       | 394               |
| Employee benefits (including directors' remuneration)                     |                           |                   |
| – Salaries and other benefits                                             | 8,747                     | 17,763            |
| – Equity-settled share-based payment expense                              | 581                       | –                 |
| – Pension scheme contributions                                            | 465                       | 321               |
|                                                                           | 9,793                     | 18,084            |
| Exchange loss/(gain)                                                      | 105                       | (55)              |
| Interest expense on lease liabilities                                     | 22                        | 36                |
| Listing expense                                                           | –                         | 10,598            |
| Short-term lease expenses                                                 | 154                       | 145               |
|                                                                           | <u>          </u>         | <u>          </u> |

**6. Income tax expense**

Income tax expense for the period represents:

|                             | <b>Three months ended</b> |                   |
|-----------------------------|---------------------------|-------------------|
|                             | <b>31 March</b>           |                   |
|                             | <b>2021</b>               | <b>2020</b>       |
|                             | <b>HK\$'000</b>           | <b>HK\$'000</b>   |
|                             | <b>(Unaudited)</b>        | <b>(Audited)</b>  |
| Current tax – Hong Kong     |                           |                   |
| Provision for the period    | 692                       | 3,553             |
| Current tax – United States |                           |                   |
| Provision for the period    | –                         | 1,731             |
|                             | <u>          </u>         | <u>          </u> |
|                             | 692                       | 5,284             |
|                             | <u>          </u>         | <u>          </u> |

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the group entities are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

For the group entities that are domiciled and operate in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising in or derived from Hong Kong for both years, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

For the group entities that are domiciled and operate in the United States, they are subject to corporate income tax in the United States. The applicable federal income tax rate is 21% on taxable income and the applicable state income tax rate is 9.5% on state taxable income.

During the three months ended 31 March 2021, no share of tax attributable to associates (three months ended 31 March 2020: Nil) was included in the share of results of associates.

## 7. Dividend

The Board does not recommend the payment of any dividend in respect of the three months ended 31 March 2021 (three months ended 31 March 2020: Nil).

## 8. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 400,000,000 (three months ended 31 March 2020: 300,000,000) shares in issue during the period. The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the three months ended 31 March 2020 has been determined after adjusting for the capitalisation issue in connection with the listing of the Company on 16 October 2020.

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

|                                                                        | <b>Three months ended</b> |                  |
|------------------------------------------------------------------------|---------------------------|------------------|
|                                                                        | <b>31 March</b>           |                  |
|                                                                        | <b>2021</b>               | <b>2020</b>      |
|                                                                        | <b>HK\$'000</b>           | <b>HK\$'000</b>  |
|                                                                        | <b>(Unaudited)</b>        | <b>(Audited)</b> |
| <b>(Loss)/earnings</b>                                                 |                           |                  |
| (Loss)/profit for the period attributable to the owners of the Company | <b>(4,464)</b>            | <b>10,644</b>    |

| Number of shares                                                                                                              | Three months ended |                    |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                               | 31 March<br>2021   | 2020               |
| Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation | 400,000,000        | 300,000,000        |
| Effect of dilution – weighted average number of ordinary shares:                                                              |                    |                    |
| Share options – <i>Note</i>                                                                                                   | –                  | –                  |
|                                                                                                                               | <u>400,000,000</u> | <u>300,000,000</u> |

*Note:*

Diluted loss per share for the three months ended 31 March 2021 is the same as the basic loss per share as there were no dilutive potential ordinary shares (2020: Diluted earnings per share for the three months ended 31 March 2020 is the same as the basic earnings per share as there were no potential ordinary shares).

#### 9. Approval of the unaudited quarterly financial information

The unaudited quarterly financial information were approved and authorised for issue by the board of directors on 13 May 2021.

## Selected financial highlights

|                                                                               | Three months ended 31 March |            |            |
|-------------------------------------------------------------------------------|-----------------------------|------------|------------|
|                                                                               | 2021                        | 2020       | Percentage |
|                                                                               | (HK\$'000)                  | (HK\$'000) | Change     |
| <b>Total revenue</b>                                                          | <b>14,795</b>               | 49,598     | (70)       |
| Management fee income                                                         | <b>14,795</b>               | 14,239     | 4          |
| Performance fee income                                                        | –                           | 35,359     | N/A        |
| <b>Gross profit</b>                                                           | <b>13,136</b>               | 46,804     | (72)       |
| <b>Operating (loss)/profit</b> <i>Note 1</i>                                  | <b>(2,589)</b>              | 13,761     | (119)      |
| <b>(Loss)/profit for the period</b>                                           | <b>(4,375)</b>              | 10,832     | (140)      |
| <b>(Loss)/profit attributable to owners of the Company</b>                    | <b>(4,464)</b>              | 10,644     | (142)      |
| <b>Total comprehensive (loss)/income</b>                                      | <b>(4,497)</b>              | 9,641      | (147)      |
| <b>Non-HKFRS: adjusted net (loss)/profit</b> <i>Note 2</i>                    | <b>(4,464)</b>              | 21,242     | (121)      |
| <b>(Loss)/earnings per share (HK cents)</b>                                   |                             |            |            |
| <b>– Basic and diluted</b> <i>Note 3</i>                                      | <b>(1.12)</b>               | 3.55       | N/A        |
| <b>Non-HKFRS: adjusted (loss)/earnings per share (HK cents)</b> <i>Note 4</i> | <b>(1.12)</b>               | 7.08       | N/A        |

### Notes:

- Operating (loss)/profit represents (loss)/profit before income tax adding back fair value (loss)/gain on financial assets at fair value through profit or loss, finance costs, share of results of associates and gain on dilution of interest in an associate.
- Adjusted net (loss)/earnings is unaudited and represents (loss)/ earnings for the period attributable to owners of the Company adding back listing expenses. Adjusted net (loss)/earnings is not a measure of performance under HKFRS, has material limitations as an analytical tool, and does not include all items that impact our profit for the relevant year.
- The calculation of the basic (loss)/earnings per share amount is based on the loss for the period attributable to owners of the Company of HK\$4,464,000 (2020: profit of HK\$ 10,644,000), and the weighted average number of ordinary shares of 400,000,000 shares (2020: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company on 16 October 2020. Diluted (loss)/earnings per share for the period ended 31 March 2021 and 2020 is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares.
- Adjusted (loss)/earnings per share is unaudited and represents adjusted net (loss)/profit divided by the weighted average number of ordinary shares of 400,000,000 (2020: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company on 16 October 2020.

## Selected Business and Financial Highlights

- The first quarter of 2021 was overall another strong quarter for equity markets, and one in which implied volatility broadly declined.
- The MSCI World Total Return Hedged to US Dollars finished the quarter up +6.2%, a significantly higher return than its long-term average. Equities continued to be boosted stimulus from central banks and governments as well as improvements in economic growth and continued positive investor sentiment. Implied volatility declined over the quarter. The VIX index fell by 15%, from 22.75 to 19.4. A large exchange-traded note providing exposure to VIX futures<sup>1</sup> was down -32.1%.
- The first quarter of 2021 was challenging for our relative value volatility trading strategy.<sup>2</sup> As we have highlighted in both positive and negative periods of performance, investment performance in any given short time period can fluctuate around the long-term average based on the prevailing market opportunities. Investors in the Group's products typically focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 through 31 March 2021, the True Partner Fund, the Group's longest running fund product has outperformed each of the CBOE Eurekahedge Relative Value Volatility, Long Volatility and Short Volatility Hedge Fund indices in both absolute terms and in alpha terms.<sup>3</sup> Over the same inception to date period, considering the whole period from July 2011 through 31 March 2021, our longest running fund product has also outperformed the Eurekahedge Asset Weighted Hedge Fund Index, a broad index of hedge fund performance, in both absolute terms and in alpha terms.
- The Group's assets under management were relatively stable during the quarter and were higher relative to the comparable period in 2020. Assets under management were US\$1,550 million as of 31 March 2021 as compared to US\$1,373 million as of 31 March 2020. Changes in assets under management during the first quarter of 2021 were a result of negative investment performance offset by positive net inflows. Growth in assets under management relative to the end of the first quarter of 2020 was driven by positive net inflows.

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<sup>1</sup> The iPath Series B S&P 500 VIX Short-Term Futures ETN

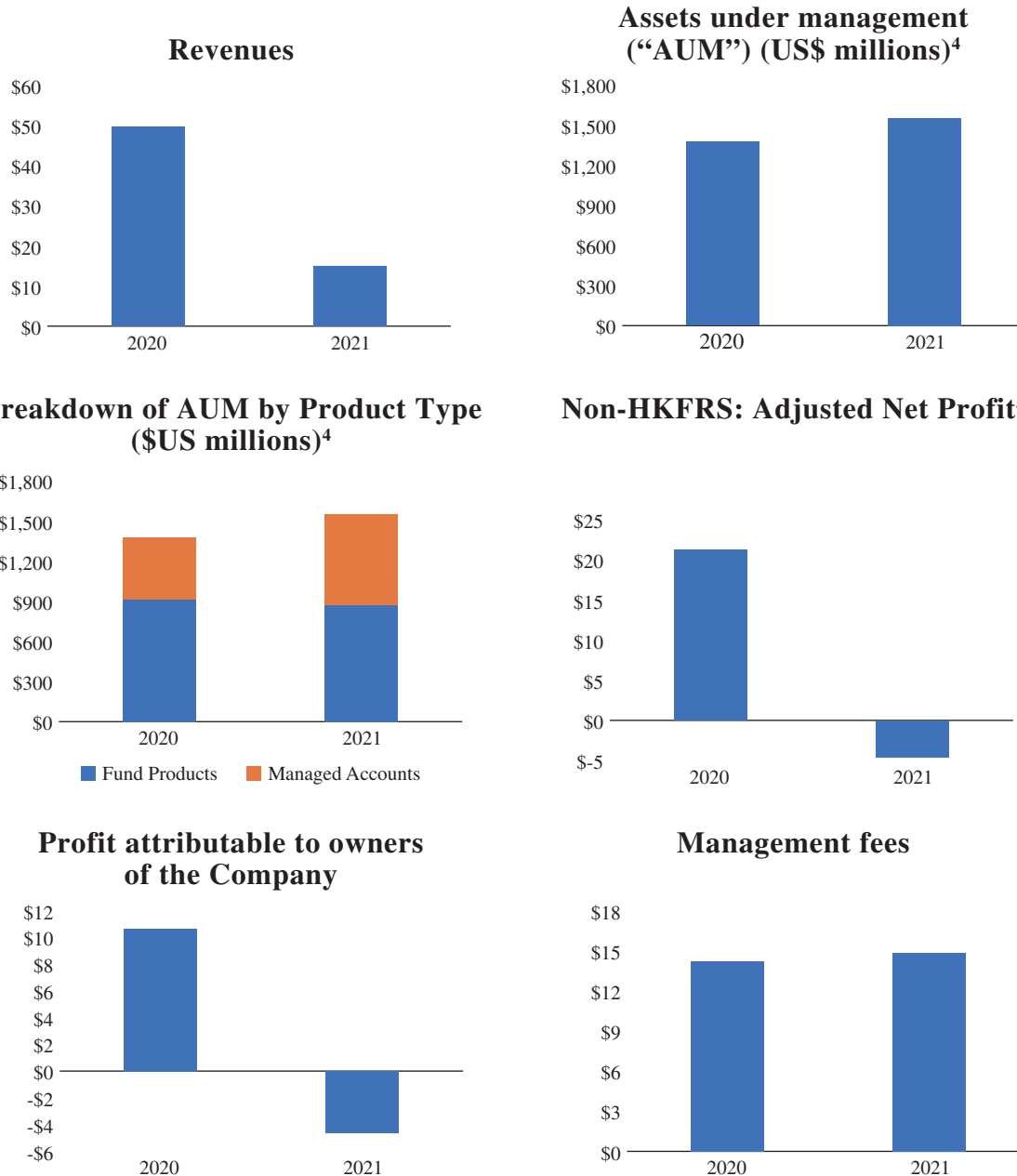
<sup>2</sup> This material is not in any way intended to solicit investment in our fund products or managed accounts. Our fund products and managed accounts are only available to appropriately qualified investors and are not marketed in certain jurisdictions. The performance of certain fund products the Group regards as relevant to shareholders is disclosed to the Exchange on a voluntary basis monthly. Performance of certain fund products is also reported to Bloomberg and certain databases of hedge fund performance.

<sup>3</sup> The Group considers these indices to be relevant benchmarks of peer performance as they are comprised of hedge funds trading different types of volatility strategies.

- Revenues for the three months ended 31 March 2021 were HK\$14.8 million. This compares to revenues of HK\$49.6 million for the three months ended 31 March 2020. During the first quarter of 2020, the Group’s investment products saw strong performance and as a result generated both management fees and significant performance fees. During the first quarter of 2021, the Group generated higher management fees than during the same period in 2020; however, the Group did not generate performance fees.
- General and administrative expenses were HK\$15.7 million in the first quarter of 2021, as compared to HK\$22.5 million in the first quarter of 2020. The decline in expenses was primarily due to lower remuneration costs. The overall number of personnel was higher in the first quarter of 2021 as compared to the first quarter of 2020 as the Group implemented its expansion plans as previously outlined in the prospectus of the Company dated 30 September 2020 (the “**Prospectus**”). Performance based incentives are a common feature of hedge fund business models and the decline in remuneration costs was primarily a result of a reduction in bonus accruals when compared to the first quarter of 2020.
- The Group’s profit/loss before income tax was a loss of HK\$3.7 million in the first quarter of 2021, as compared to a profit of HK\$16.1 million in the comparable period in 2020. Profit/loss after tax attributable to owners of the company was a loss of HK\$4.5 million in the first quarter of 2021, as compared to a profit of HK\$10.6 million in the comparable period of 2020.
- The Group has successfully adapted to the challenging conditions created by Covid-19, expanding its provision of digital content and making use of technology to engage with investors globally despite restrictions on in person interactions and travel.
- During the first quarter of 2021, the team has been actively engaged with investors and prospects through webinars, on a one-on-one basis, and through engagements through third party platforms. The Group also continued to engage with investors and prospects via newsletters and longer thought pieces.
- During the first quarter of 2021, the Group has also been working on the expansion of its operations in Europe and Asia in line with the Use of Proceeds outlined in its Prospectus. This has included working through the process of obtaining an investment firm license from the Authority Financial Market (“AFM”) in the Netherlands. As part of this expansion, we have been pleased to welcome three new senior experienced professionals to the Group, including a new global CFO, a new Managing Director with substantial experience in senior executive operational management roles, and a new Manager of Risk and Compliance in our Amsterdam office who has substantial experience in derivatives markets.

## Selected Highlights

(in HK\$ millions as of 31 March 2021 unless stated, with comparison to 31 March 2020)



<sup>4</sup> The Group manages or advises on both fund products and other investment mandates. For the purposes of this announcement, fund products launched by the Group or co-branded with the Group where a subsidiary of the Group is the investment manager or sub-investment manager are grouped under "fund vehicles"; other mandates are grouped under "managed accounts". As detailed in the Prospectus, as of 31 March 2021 the Group's managed accounts deploy the Group's relative value trading strategy.

<sup>5</sup> Adjusted Net Profit/Loss is unaudited and represents profit for the period adding back listing expenses. Adjusted Net Profit/Loss is not a measure of performance under HKFRS, has material limitations as an analytical tool, and does not include all items that impact our profit for the relevant period. For further details please refer to the Management Discussion and Analysis below.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Company is a Hong Kong and U.S. based fund management group with a focus on volatility trading in liquid markets. The Company and its subsidiaries (together as the “**Group**”) manages funds and managed accounts on a discretionary basis using a global volatility relative value trading strategy involving the active trading of liquid exchange listed derivatives (including equity index options, large cap single stock options, as well as futures, exchange traded funds and equities) across major markets (including the U.S., Europe and Asia) and different time zones. Our trading decisions are supported by our in-house proprietary trading platform (embedded with option pricing and volatility surface models) designed for our specific way of trading and which enables real-time pricing of implied volatilities, quantitative comparisons, risk management as well as speedy execution of trades. Our team’s collective expertise and specialized knowledge in options and volatility trading is the foundation of our proprietary trading technology.

Our firm AUM is US\$1,550 million as of 31 March 2021 and we currently manage or advise on both fund products and managed accounts.<sup>6</sup> Our longest running fund product was launched in July 2011 and was later restructured into a master-feeder structure to facilitate investments from U.S. taxable investors. In 2016 we launched a further fund, which is similarly structured, but with a trading strategy which has a long volatility bias. Together with International Asset Management (“**IAM**”), we made our strategy available in UCITS format in June 2019, with the launch of a co-branded fund product for which a subsidiary of the Group is the sub-investment manager and IAM is the investment manager. IAM was founded in 1989 and is one of the oldest independent asset management firms specializing in hedge funds and alternative UCITS investments. Assets under management relating to these fund products are grouped together as “fund vehicles” above and below. In addition to funds launched by us or co-branded with us, we also enter into investment management mandates with third parties who allocate a sub-fund of their umbrella fund or a portion of their assets to be managed by us. While such arrangements may have different underlying structures in accordance with client preferences, for simplicity we group assets under management relating to these mandates under “managed accounts” above and below.

As of 31 March 2021, our AUM comprised of US\$870 million in fund products (including funds where the Group is a sub-investment manager) and US\$680 million in managed accounts or similar arrangements. The investors in funds managed or advised by us are mainly professional investors, including collective investment undertakings, family offices, pension funds, endowments/foundations, financial institutions and high net worth individuals.

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<sup>6</sup> This material is not in any way intended to solicit investment in our fund products or managed accounts. Our fund products and managed accounts are only available to appropriately qualified investors and are not marketed in certain jurisdictions. The performance of certain fund products the Group regards as relevant to shareholders is disclosed to the Exchange on a voluntary basis monthly. Performance of certain fund products is also reported to Bloomberg and certain databases of hedge fund performance.



## Market Environment

The first quarter of 2021 overall saw a continuation of the equity market rally and a fall in implied volatility. The MSCI World Total Return Index Hedged to US Dollars (“MSCI World”) rose +6.2% during the first quarter. Returns were strong across regions. In the US, the S&P 500 Total Return rose +6.1%, in Europe the EuroStoxx 50 Total Return was up +10.7%, while in Asia the Hang Seng Total Return was up +4.6%, the Kospi 200 Total Return was up +7.5% and the Nikkei Total Return was up +7.0%. Equity markets were boosted by stronger than anticipated improvements in economic growth, particularly in the US, combined with a backdrop of continued extensive fiscal and monetary support. At the end of the first quarter, valuations in major equity markets including the S&P 500 remained at elevated levels when compared to longer-term averages.<sup>7</sup>

A number of the most widely followed measures of implied volatility fell during the first quarter. The VIX index fell by 15%, from 22.75 to 19.4. A large exchange-traded note providing exposure to VIX futures<sup>8</sup> was down -32.1%. In Europe, the EuroStoxx 50 Volatility Index, the VSTOXX, fell by 23% from 23.37 to 17.97. In Asia, the picture was a little more mixed across markets.

Outside of equities, government bonds generally had a challenging quarter, with the US 10 year government bond yield rising from 0.91% to 1.74% and the German 10-year government bond yield rising from -0.57% to -0.29%. Japanese yields saw a smaller change, with the 10-year government bond yield rising from 0.02% to 0.09%. The Bloomberg Barclays US Treasury Total Return Index was down -4.25% in Q1, its worst quarterly return since 1980.<sup>9</sup> While implied volatility in US government bonds rose during the quarter<sup>10</sup>, the move higher in government bond yields and perceived risk in fixed income was largely shrugged off by equity markets.

The Covid-19 pandemic situation improved in some areas during the first quarter, notably in the US and the UK, where vaccination programs made significant progress. At the same time, the situation appears to have worsened in some emerging markets, notably in India and Brazil, while remaining challenging in much of the European Union.

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<sup>7</sup> Based on price to earnings ratios, long-term price to earnings ratios and estimated price to earnings ratios. Sources: True Partner, Bloomberg

<sup>8</sup> The iPath Series B S&P 500 VIX Short-Term Futures ETN

<sup>9</sup> Sources: True Partner, Bloomberg

<sup>10</sup> The ICE BofA MOVE Index rose from 48.98 to 71.27 during the first quarter. This index is a yield curve weighted index of the normalised implied volatility on 1-month Treasury options. It is the weighted average of volatilities on the 2-year, 5-year, 10-year and 30-year US Treasuries.

## **Investment Performance**

The first quarter was challenging for our strategies. The True Partner Fund has historically had its strongest performance during periods in which equities have declined and implied volatility has risen, so the broad market backdrop was not favourable for our investment approach over the quarter. There were also some more idiosyncratic factors during the quarter that proved challenging, including in January. After rising +7.2% in 2020, the True Partner Fund, our longest running strategy, was down -5.5% in the first quarter of 2021. While the return in the first quarter was disappointing, the True Partner Fund has seen more difficult quarters in the past, including in 2013 and 2014, and we remain confident in our investment approach.

Investment performance in any given short time period can fluctuate around the long-term average based on the prevailing market opportunities. Investors in the Group's products typically focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 through 31 March 2021, the True Partner Fund, the Group's longest running fund product<sup>11</sup> has outperformed each of the CBOE Eurekahedge Relative Value Volatility, Long Volatility and Short Volatility Hedge Fund indices in both absolute terms and in alpha terms. The Group considers these indices to be relevant benchmarks of peer performance as they are comprised of hedge funds trading different types of volatility strategies. Over the same inception to date period, considering the whole period from July 2011 through 31 March 2021, our longest running fund product has also outperformed the Eurekahedge Asset Weighted Hedge Fund Index, a broad index of hedge fund performance, in both absolute terms and in alpha terms.

## **Financial Performance**

The Group's primary source of revenues is its fund management business. Fund management revenues are derived from both management fees and from performance fees. Revenues for the 3 months ended 31 March 2021 were HK\$14.8 million. This compares to revenues of HK\$49.6 million for the 3 months ended 31 March 2020. During the first quarter of 2020, the Group's investment products saw strong performance and as a result generated both management fees and significant performance fees. During the first quarter of 2021, the Group generated higher management fees than during the same period in 2020; however, the Group did not generate performance fees.

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<sup>11</sup> This material is not in any way intended to solicit investment in our fund products or managed accounts. Our fund products and managed accounts are only available to appropriately qualified investors and are not marketed in certain jurisdictions. The performance of certain fund products the Group regards as relevant to shareholders is disclosed to the Exchange on a voluntary basis monthly. Performance of certain fund products is also reported to Bloomberg and certain databases of hedge fund performance.

General and administrative expenses were HK\$15.7 million in the first quarter of 2021, as compared to HK\$22.5 million in the first quarter of 2020. The decline in expenses was primarily due to lower remuneration costs. The overall number of personnel was higher in the first quarter of 2021 as compared to the first quarter of 2020. Performance based incentives are a common feature of hedge fund business models and the decline in remuneration costs was primarily a result of a reduction in bonus accruals when compared to the first quarter of 2020.

The Group's loss/profit before income tax was a loss of HK\$3.7 million in the first quarter of 2021, as compared to a profit of HK\$16.1 million in the comparable period in 2020. Loss/Profit after tax attributable to owners of the company was a loss of HK\$4.5 million in the first quarter of 2021, as compared to a profit of HK\$10.6 million in the comparable period of 2020. The Group's comprehensive income attributable to owners of the company was a loss of HK\$4.6 million in the first quarter of 2021 as compared to a profit of HK\$9.5 million in the comparable period of 2020.

#### **Non-HKFRS Measures – Adjusted Net Loss/Profit and Adjusted Loss/Earning Per Share**

In order to supplement the Group's consolidated financial statements, which are presented in accordance with HKFRS, the Group also uses Adjusted Net Loss/Profit (defined below) and Adjusted Loss/Earnings Per Share (defined below) as additional financial measures. The Group presents these financial measures because they are used by the management of the Group to evaluate the Group's financial performance by eliminating the impact of certain items that the Group does not consider to be indicative of the Group's underlying performance during the Reporting Period. The Group also believes that these non-HKFRS measures provide additional information to investors and others in their understanding and evaluating the Group's results of operations in the same manner as they help the Group's management and in comparing financial results across accounting periods and to those of the Group's peer companies. However, these non-HKFRS measures do not have a standardized meaning prescribed by HKFRS and therefore they may not be comparable to similar measures presented by other companies listed on the Hong Kong Stock Exchange.

During 2020, the Group undertook preparatory work in advance of its listing on the GEM market of the Hong Kong Stock Exchange on 16 October 2020. During the first quarter of 2020, the Group incurred HK\$10.6 million in related listing expenses, which resulted in lower profits over the period. The Group did not incur listing expenses during the first quarter of 2021.

The Adjusted Net Loss/Profit, which is unaudited, represents loss/profit for the period adding back listing expenses (the “**Adjusted Net Loss/Profit**”). The Adjusted Net Loss/Profit of the Group for the first quarter of 2021 was a loss of HK\$4.5 million as compared to an Adjusted Net Profit for the Group of HK\$21.2 million for the corresponding period in 2020. Non-HKFRS Adjusted Loss/Earnings per share was a loss of 1.12 HK cents per share in the first quarter of 2021 as compared to Adjusted Earnings of 7.08 HK cents per share for the corresponding period in 2020. The Adjusted Loss/Earnings Per Share is unaudited and represents Adjusted Net Loss/Profit divided by the total number of ordinary shares in issue (the “**Adjusted Loss/Earnings Per Share**”).

In light of the foregoing limitations for other financial measurements, when assessing the Group’s operating and financial performance, shareholders and investors should not consider Adjusted Net Profit and/or Adjusted Earnings Per Share in isolation or as a substitute for the Group’s profit for the years, operating profit or any other operating performance measure that is calculated in accordance with HKFRSs. In addition, because such measures may not be calculated in the same manner by all companies, it may not be comparable to other similar titled measurements by other companies.

#### **Reconciliation of Adjusted Net Loss/Profit**

*Figures in HK\$’000*

|                                                     | <b>For the 3 months<br/>ended 31 March</b> |                      |
|-----------------------------------------------------|--------------------------------------------|----------------------|
|                                                     | <b>2021</b>                                | 2020                 |
| (Loss)/profit attributable to owners of the Company | <u>(4,464)</u>                             | <u>10,644</u>        |
| <i>Add back: listing expense</i>                    | <u>–</u>                                   | <u>10,598</u>        |
| Adjusted Net (Loss)/Profit                          | <u><b>(4,464)</b></u>                      | <u><b>21,242</b></u> |

## Reconciliation of non - HKFRS Adjusted Loss/Earnings Per Share

*Figures in HK\$'000*

|                                                     | <b>For the three months<br/>ended 31 March</b> |                    |
|-----------------------------------------------------|------------------------------------------------|--------------------|
|                                                     | <b>2021</b>                                    | <b>2020</b>        |
| (Loss)/profit attributable to owners of the Company | <u>(4,464)</u>                                 | <u>10,644</u>      |
| <i>Add back: listing expense</i>                    | <u>–</u>                                       | <u>10,598</u>      |
| Adjusted Net (Loss)/Profit                          | (4,464)                                        | 21,242             |
| <i>Divided by: Number of Ordinary Shares</i>        | <u>400,000,000</u>                             | <u>300,000,000</u> |
| Adjusted (loss)/earnings Per Share (HK cents)       | <u>(1.12)</u>                                  | <u>7.08</u>        |

## Comparison: Loss/Earnings Per Share

*Figures in HK\$'000*

|                                                     | <b>For 3 months<br/>ended 31 March</b> |                    |
|-----------------------------------------------------|----------------------------------------|--------------------|
|                                                     | <b>2021</b>                            | <b>2020</b>        |
| (Loss)/profit attributable to owners of the Company | <u>(4,464)</u>                         | <u>10,644</u>      |
| <i>Divided by: Number of Ordinary Shares</i>        | <u>400,000,000</u>                     | <u>300,000,000</u> |
| (Loss)/earnings Per Share (HK cents)                | <u>(1.12)</u>                          | <u>3.55</u>        |

## **Assets Under Management**

The Group reports its assets under management in US dollars.<sup>12</sup> US dollars are the base currency of most of the Group's fund vehicles and managed accounts. The Group had \$1,550 million in assets under management as of 31 March 2021. This compares to \$1,373 million in assets under management as of 31 March 2020, representing an increase of 13%. Assets under management saw a small decrease relative to the end of 2020 from \$1,585 million as of 31 December 2020 to \$1,550 million as of 31 March 2021. The decrease relative to the end of 2020 was driven by negative investment performance, offset by positive net inflows. The increase relative to the end of the first quarter of 2020 was driven by positive net inflows.

As of 31 March 2021, the Group had \$870 million in assets under management in fund vehicles and \$680 million in managed accounts. This compares to \$912 million in assets under management in fund vehicles and \$461 million in managed accounts as of 31 March 2020.

## **Business Development Activities**

The Group has successfully adapted to the challenging conditions created by Covid-19, expanding its provision of digital content and making use of technology to engage with investors globally despite restrictions on in person interactions and travel.

During the first quarter of 2021, the team has been actively engaged with investors and prospects through webinars and on a one-on-one basis. This included holding a webinar for the True Partner Fund, which provided an opportunity to highlight the fund's positive performance in 2020 and to explain the more challenging start to 2021. Working in conjunction with IAM, with whom the Group has a partnership for the UCITS fund product for which we are sub-investment manager, we have also held webinars for UCITS investors. In addition, the co-CIO of the True Partner Fund, Tobias Hekster, gave an interview to Context 365, a digital capital introductions service developed by the creators of the Context Summits, a leading alternative investments conference. The Group also continued to engage with investors and prospects via newsletters and longer thought pieces. We have also been actively engaged with our capital introduction partners over the period.

Amid a challenging environment for traditional due diligence processes, which typically involve in person, onsite activity, and an environment where investors have had a lot of areas on which to focus, we have been pleased with the way the Group has been able to adapt to remain highly engaged with investors and prospects.

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<sup>12</sup> Figures for assets under management may include figures based on estimated net asset values for fund vehicles or managed accounts managed or advised by the Group

During the first quarter of 2021, the Group has also been working on the expansion of its operations in Europe and Asia. This has included working through the process of obtaining an investment firm license from the Authority Financial Market (“AFM”) in the Netherlands. As part of this expansion we have been pleased to welcome three new senior experienced professionals to the Group, including a new global CFO, a new Managing Director with substantial experience in senior executive operational management roles, and a new Manager of Risk and Compliance in our Amsterdam office who has substantial experience in derivatives markets.

### **Technology Developments**

Our technology team remains focused on maintaining and incrementally further improving the key elements of our core proprietary systems, including the Typhoon Trader, our front-end trading system, Observatory, our real-time risk management system, Quant, our data warehouse and quantitative library, Solunar, our back-office system, and Nitro, which integrates our different modules into a centralised platform.

During the first quarter of 2021, we have focused on further improving the stability, redundancy, and security of both our infrastructure and our proprietary technology.

The Group believes that its proprietary technology remains a significant source of our advantage in markets and continues to invest in this area. We are actively exploring opportunities to deploy and further enhance our technology infrastructure together with our investment expertise in order to further expand our business activities.

### **Market Outlook**

Our investment approach is quantitatively driven with a disciplined process that does not rely on macro forecasts. However, the overall environment is nevertheless an important backdrop. Below we provide some brief observations on the current macro environment and potential implications for investors’ approaches to portfolios.

We continue to believe that one important focus for many investors in 2021 will be the search for properly diversifying assets. 2020 has highlighted once again the potential for tail risks to quickly emerge and have major impacts on markets. The first quarter of 2021 has also seen a shift in fixed income markets, with US government bonds experiencing their worst quarterly return since 1980.<sup>13</sup>

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<sup>13</sup> The Bloomberg Barclays US Treasury Total Return Index was down -4.25% in Q1, its worst quarterly return since 1980 (source: Bloomberg)



As we noted at the end of 2020, with government bonds typically being utilised as the “safer” portion of many traditional portfolios, this raises challenges for asset allocation. If government bond yields rise to levels closer to their long-run averages, this could result in losses for bond portfolios. This could make equities look less attractive on a relative basis, particularly stocks whose valuations are most dependent on growth many years from now. This could in turn challenge equity markets.

In the Group’s annual report for 2020 we observed that over the period of 1980 to 2020, many investors have become accustomed to a negative correlation between equities and bonds during periods of equity sell-offs. We highlighted that the negative correlation between equities and bonds had been less reliable during the equity drawdown seen during the first quarter of 2020, with periods where equities and bonds had suffered losses at the same time. The first quarter of 2021 is another example of this shift, with bond yields rising in January 2021, while equities had a negative month. As an example, the TLT ETF, which invests in long-term US Treasury securities<sup>14</sup>, was down -3.6% in January. This was followed by a -7.2% loss in February when equities had a strong rally.

Of course, looking at longer-term data, equities and bonds have had sustained periods of positive downside correlations in the past, such as in the 1970s, when equity and bond prices often fell together. A shift in investor sentiment towards bonds has the potential to increase investor demand for alternative diversifiers such as some volatility funds.

The rise in bond yields also increases the discount rate applied to projected earnings many years away. This has the potential to impact the relationship between growth and value stocks. In the first quarter, the growth heavy Nasdaq index underperformed the S&P 500, and the MSCI World Growth Index was close to flat despite the overall strong equity market environment. A more meaningful change in discount rates could be a potential risk factor for some parts of the equity markets.

At the end of the first quarter, equity valuations were at elevated levels relative to those seen over the last 15 years. Forward-estimates for economic growth and earnings reflect optimism about the economic recovery and reduction in Covid-19 related restrictions on activity. While we are glad to be seeing significant progress in the fight against Covid-19 in countries such as the US and UK, the pandemic continues to be challenging in many parts of the European Union and in some large emerging markets such as India and Brazil. While the US economy is expected to see strong economic growth in the first quarter of 2021, economic growth in the European Union is expected to be negative. The economic recovery is also leading to increased demand for certain inputs, which has the potential to lead to cost-driven inflation. Disappointments in the pace of re-opening, or its impact on economic activity and earnings have the potential to lead to more challenging times for equity markets.

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<sup>14</sup> TLT = iShares 20+ Year Treasury Bond ETF



Within volatility markets, the decline in implied volatility during the first quarter of 2021 has left implied volatilities around long-term averages across many of the key markets we trade as of the end of the first quarter<sup>15</sup>. April has seen levels fall below long-run averages. While levels of implied volatility are not necessarily directly indicative of the short-term opportunity set, low levels of implied volatility can potentially indicate some complacency in markets, which can lead to larger market reactions should unexpected events occur.

Of course, timing markets is difficult, and unusual valuations can sometimes persist for long periods. Our investment approach is absolute return, and we aim to profit in a range of market environments. Nevertheless, we believe that the current environment represents an opportunity for investors to consider their portfolio construction approach and long-term asset allocation. Alternative diversifiers including hedge funds and strategies such as volatility trading could be beneficiaries of this. Our relative value volatility strategy has historically generated positive long-term absolute returns with a negative correlation to equity markets. Should we see a shift away from bonds and towards alternative diversifiers such as hedge funds, our products could be well placed to benefit from increased investor demand for this kind of exposure.

## **USE OF PROCEEDS FROM THE LISTING**

The shares of the Company (the “**Shares**”) were listed on GEM on 16 October 2020 (the “**Listing Date**”) by way of placing and public offer (the “**Share Offer**”). The Share Offer of 100,000,000 new ordinary shares at HK\$1.40 each raised net proceeds of approximately HK\$104 million (after deduction of underwriting fees and listing expenses). Details of the Share Offer are set out in the Prospectus and in the Company’s announcement on 15 October 2020.

The expected timeline for using the remaining proceeds is based on the best estimation of the present and future business market situations made by the Board. The management will continue to assess the impact of the outbreak of COVID-19 on the Group’s operation and financial performance and the plans for remaining proceeds, and to cope with the changing market conditions and strive for better business performance for the Group.

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<sup>15</sup> Based on 30-day implied volatility. Sources: True Partner, Bloomberg

## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, revenue of the Group amounted to HK\$14.8 million, representing a decrease of HK\$34.8 million, or approximately 70% as compared with HK\$49.6 million for the corresponding period of 2020. The decrease was primarily due to decrease in performance fees from its funds/managed accounts.

### **Gross profit and gross profit margin**

Gross profit of the Group for the Reporting Period was HK\$13.1 million, representing a decrease of HK\$33.7 million or 72% from HK\$46.8 million for YTD Q1 2020. The decrease was primarily driven by a decrease in performance fee.

### **General and administrative expenses**

General and administrative expense of the Group for the Reporting Period amounted to HK\$15.7 million, representing a decrease of HK\$6.8 million or approximately 30% from HK\$22.5 million over the corresponding period of 2020. This was primarily due to decreased remuneration cost. Performance based incentives are a common feature of hedge fund business models and the decline in remuneration costs was primarily a result of a reduction in bonus when compared to the first quarter of 2020.

### **Gain on dilution of interest in an associate**

The amount represents the dilution gain on the Group's investment in the associated company: Holland & Muh Investment Management Co., Ltd. ("**Holland & Muh**"). As at 26 March 2021, Holland & Muh issued and registered new shares to certain investors, the new capital was increased on 13 April 2021. Consequently, the Group's interest in Holland & Muh was diluted from 30% to 24.896%. The difference between (1) the decrease in the carrying value of the Group's interest in Holland & Muh resulting from the decrease in shareholding; and (2) the Group's share of the proceeds received for the new shares issued resulted in a dilution gain of HK\$90,256 and was recognised in the consolidated statement of profit or loss for the three months ended 31 March, 2021.

The Group is able to exercise significant influence over Holland & Muh because after the dilution, the Company appointed one director out of three directors in Holland and Muh.

### **Finance costs**

Finance costs mainly represent interest expense on lease liabilities. For the Reporting Period, finance cost of the Group amounted to approximately HK\$22,000, representing a decrease of HK\$15,000 or approximately decrease of 41% for the corresponding period of 2020. This was primarily due to decrease in interest expense on lease liabilities.

### **Dividends**

The Board does not recommend the payment of any dividend in respect of the three months ended 31 March 2021 (three months ended 31 March 2020: Nil).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2021, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

### Long Positions in the Shares

| Name of Director/<br>Chief Executives   | Capacity/<br>Nature of Interest         | Number of<br>Ordinary<br>Shares held | Approximate<br>percentage<br>of interest |
|-----------------------------------------|-----------------------------------------|--------------------------------------|------------------------------------------|
| Tobias Benjamin Hekster                 | Beneficial owner                        | 55,609,018                           | 13.91%                                   |
| Godefriedus Jelte Heijboer              | Beneficial owner                        | 55,607,644                           | 13.90%                                   |
| Ralph Paul Johan van Put <sup>(1)</sup> | Interest in a controlled<br>corporation | 55,577,399                           | 13.89%                                   |
| Roy van Bakel <sup>(2)</sup>            | Interest in a controlled<br>corporation | 27,686,280                           | 6.92%                                    |

#### Notes:

- (1) The Shares were held by True Partner Participation Limited. True Partner Participation Limited is wholly owned by Mr. Ralph Paul Johan van Put. Mr. Ralph Paul Johan van Put is deemed to be interested in all the Shares held by True Partner Participation Limited under the SFO.
- (2) The Shares were held by Red Seven Investment Ltd. Red Seven Investment Ltd is wholly owned by Mr. Roy van Bakel. Mr. Roy van Bakel is deemed to be interested in all the Shares held by Red Seven Investment Ltd under the SFO.

Save as disclosed above, as at 31 March 2021, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY**

So far as is known to the Directors, as at 31 March 2021, the following persons/entities (other than Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

### **Long Positions in the Shares**

| <b>Name of shareholders</b>                   | <b>Capacity/<br/>Nature of Interest</b>  | <b>Number of<br/>Ordinary<br/>Shares held</b> | <b>Approximate<br/>percentage<br/>of interest</b> |
|-----------------------------------------------|------------------------------------------|-----------------------------------------------|---------------------------------------------------|
| Franca Kurpershoek-Hekster <sup>(1)</sup>     | Interest of spouse                       | 55,609,018                                    | 13.91%                                            |
| Wong Rosa Maria <sup>(2)</sup>                | Interest of spouse                       | 55,607,644                                    | 13.90%                                            |
| True Partner Participation Limited            | Beneficial owner                         | 55,577,399                                    | 13.89%                                            |
| Kung Yun Ching <sup>(3)</sup>                 | Interest of spouse                       | 55,577,399                                    | 13.89%                                            |
| True Partner International Limited            | Beneficial owner                         | 44,808,908                                    | 11.20%                                            |
| Alset EHome International Inc. <sup>(4)</sup> | Interest in a controlled corporation     | 44,808,908                                    | 11.20%                                            |
| HFE Holdings Limited <sup>(4)</sup>           | Interest in a controlled corporation     | 44,808,908                                    | 11.20%                                            |
| Chan Heng Fai Ambrose <sup>(4)</sup>          | (i) Interest in a controlled corporation | 44,808,908                                    | 11.20%                                            |
|                                               | (ii) Beneficial owner                    | 17,314,000                                    | 4.33%                                             |
| Chan Kong Yoke Keow <sup>(5)</sup>            | Interest of spouse                       | 62,122,908                                    | 15.53%                                            |
| Edo Bordoni                                   | Beneficial owner                         | 29,839,153                                    | 7.46%                                             |
| Anne Joy Bordoni <sup>(6)</sup>               | Interest of spouse                       | 29,839,153                                    | 7.46%                                             |
| Red Seven Investment Ltd                      | Beneficial owner                         | 27,686,280                                    | 6.92%                                             |
| Nardinc Beheer B.V.                           | Beneficial owner                         | 36,196,000                                    | 9.04%                                             |
| SomethingEls B.V. <sup>(7)</sup>              | Interest in a controlled corporation     | 36,196,000                                    | 9.04%                                             |
| ERMA B.V. <sup>(7)</sup>                      | Interest in a controlled corporation     | 36,196,000                                    | 9.04%                                             |
| Dasym Managed Accounts B.V. <sup>(7)</sup>    | Investment manager                       | 36,196,000                                    | 9.04%                                             |
| F. J. Botman Holding B.V. <sup>(7)</sup>      | Interest in a controlled corporation     | 36,196,000                                    | 9.04%                                             |
| Franciscus Johannes Botman <sup>(7)</sup>     | Interest in a controlled corporation     | 36,196,000                                    | 9.04%                                             |

*Notes:*

- (1) Mrs. Franca Kurpershoek-Hekster is the spouse of Mr. Tobias Benjamin Hekster, an executive Director, and Mr. Tobias Benjamin Hekster holds 13.91% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Franca Kurpershoek-Hekster is deemed to be interested in the same number of Shares in which Mr. Tobias Benjamin Hekster is deemed to be interested in under the SFO.
- (2) Ms. Wong Rosa Maria is the spouse of Mr. Godefriedus Jelte Heijboer, an executive Director, and Mr. Godefriedus Jelte Heijboer holds 13.90% in True Partner Capital Holding Limited. By virtue of the SFO, Ms. Wong Rosa Maria is deemed to be interested in the same number of Shares in which Mr. Godefriedus Jelte Heijboer is deemed to be interested in under the SFO.
- (3) Ms. Kung Yun Ching is the spouse of Mr. Ralph Paul Johan van Put, the chairman and executive Director and True Partner Participation Limited is wholly owned by Mr. Ralph Paul Johan van Put. True Partner Participation Limited holds 13.89% in True Partner Capital Holding Limited. By virtue of the SFO, Ms. Kung Yun Ching is deemed to be interested in the same number of Shares in which Mr. Ralph Paul Johan Van Put and True Partner Participation Limited are deemed to be interested in under the SFO.
- (4) True Partner International Limited is wholly owned subsidiary of Alset EHome International Inc. Alset EHome International Inc. is 74.36% owned by HFE Holdings Limited, which is in turn wholly owned by Mr. Chan Heng Fai Ambrose. True Partner International Limited holds 11.20% in True Partner Capital Holding Limited. By virtue of the SFO, Mr. Chan Heng Fai Ambrose is deemed to be interested in the Shares held by True Partner International Limited under the SFO.
- (5) Mrs. Chan Kong Yoke Keow is the spouse of Mr. Chan Heng Fai Ambrose and Mr. Chan Heng Fai Ambrose is deemed to be interested in 11.20% in True Partner Capital Holding Limited per note (4) above. He also beneficially holds 4.33% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Chan Kong Yoke Keow is deemed to be interested in the same number of Shares in which Mr. Chan Heng Fai Ambrose is deemed to be interested in under the SFO.
- (6) Mrs. Anne Joy Bordoni is the spouse of Mr. Edo Bordoni and Mr. Edo Bordoni holds 7.46% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Anne Joy Bordoni is deemed to be interested in the same number of Shares in which Mr. Edo Bordoni is deemed to be interested in under the SFO.
- (7) Each of SomethingEls B.V. and ERMA B.V. holds 50% interest in Nardinc Beheer B.V. By virtue of the SFO, SomethingEls B.V. and ERMA B.V. are deemed to be interested in the Shares held by Nardinc Beheer B.V. under the SFO. Dasym Managed Accounts B.V., as investment manager, is 90.1% owned by F.J. Botman Holding B.V. which in turn is wholly owned by Mr. Franciscus Johannes Botman. By virtue of the SFO, Dasym Managed Accounts B.V., F.J. Botman Holding B.V. and Mr. Franciscus Johannes Botman are deemed to be interested in the Shares held by Nardinc Beheer B.V. under the SFO.

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any other persons/entities (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

## **SHARE OPTION SCHEME**

### **Pre-IPO Share Option Scheme**

A pre-IPO share option scheme was adopted and approved by the then shareholders of the Company on 13 February 2020 (the “**Pre-IPO Share Option Scheme**”). The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain employees of the Group to the growth of the Group by granting options to them as rewards and further incentives. For more information, please refer to the section of “**Directors’ Report**” in the Group’s annual report for the year ended 31 December 2020 (the “**Annual Report 2020**”).

As at 1 January 2021 and 31 March 2021, 8,997,804 share options remained outstanding. No share option was granted, exercised, lapsed or forfeited during the three months ended 31 March 2021.

## **Share Option Scheme**

A share option scheme was adopted and approved by the then shareholders of the Company on 22 September 2020 (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the section of “**Directors’ Report**” in the Annual Report 2020. No share option has been granted by the Company pursuant to the Share Option Scheme since its adoption and up to the date of this announcement.

No share option has been granted under the Share Option Scheme since its adoption. Accordingly, as at the date of this quarterly results announcement, there was no share option outstanding under the Share Option Scheme.

## **INTERESTS IN COMPETING BUSINESS**

None of the Directors or the substantial Shareholders (as defined in the GEM Listing Rules) of the Company (the “**Substantial Shareholders**”) or their respective close associates (as defined in the GEM Listing Rules) has interests in any business apart from the Group’s businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person has or may have with the Group for the three months ended 31 March 2021 and up to the date of this announcement.

## **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by Alliance Capital Partners Limited (“**Alliance Capital**”), compliance adviser of the Company, neither Alliance Capital nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Alliance Capital had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2021.

The compliance adviser’s appointment is for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the dispatch of its annual report of the financial results for the second full financial year commencing after the date of initial listing of the Shares on the GEM or until the compliance adviser agreement is terminated in accordance with its terms and conditions, whichever is earlier. Pursuant to the compliance adviser agreement, Alliance Capital receives fees for acting as the Company’s compliance adviser.



## **CODE OF CORPORATE GOVERNANCE PRACTICES**

The Group has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Directors, except for the deviation from code provision A.2.1 of the CG Code, the Group has no material deviation from the CG Code.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ralph Paul Johan van Put currently holds the positions of the chairman of the Board and the chief executive officer of the Company. Mr. Ralph Paul Johan van Put has been the key leadership figure of the Group who has been primarily involved in the strategic development and determination of the overall direction of the Group. He has also been directly supervising the senior management of the Group. Taking into account of the above, the Directors consider that the vesting of the roles of chairman and chief executive officer in Mr. Ralph Paul Johan van Put provides a strong leadership to the Group and is beneficial and in the interests of the Company and its shareholders as a whole. Therefore, the Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

To ensure check and balance of power and authority on the Board, individuals with a broad range of expertise and experience are on the Board as independent non-executive Directors to offer independent and differing advice and monitor the operations of the Board, including corporate governance aspects of functioning of the Board.

The Company regularly reviews its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors have confirmed that they had fully complied with the Code of Conduct during the three months ended 31 March 2021.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s securities during the three months ended 31 March 2021.



## AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) on 22 September 2020 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the CG Code. The primary duties of the Audit Committee mainly include (i) making recommendations to the Board on the appointment and removal of external auditors; (ii) reviewing and supervising the financial statements and material advice in respect of financial reporting; (iii) overseeing internal control procedures; (iv) supervising internal control and risk management systems of the Group; and (v) monitoring continuing connected transactions (if any). The members of the Audit Committee include three independent non-executive Directors, namely Ms. Wan Ting Pai, Mr. Jeronimus Mattheus Tielman and Mr. Ming Tak Ngai. Ms. Wan Ting Pai is the chairwoman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Company for the three months ended 31 March 2021 and is of the opinion that such results have been complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By order of the Board  
**True Partner Capital Holding Limited**  
**Ralph Paul Johan van Put**  
*Chairman and Chief Executive Officer*

Hong Kong, 13 May 2021

*As at the date of this announcement, the Board comprises Mr. Ralph Paul Johan van Put, Mr. Godefriedus Jelte Heijboer, Mr. Tobias Benjamin Hekster and Mr. Roy van Bakel, each as an executive Director and Mr. Jeroen M. Tielman, Ms. Jasmine Wan Ting Pai and Mr. Michael Ngai Ming Tak, each as an independent non-executive Director.*

*This announcement will remain on the GEM’s website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company Information” page for a minimum period of seven days from the date of its publication. This announcement will also be published on the Company’s website at [www.truepartnercapital.com](http://www.truepartnercapital.com).*

*In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.*