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DT CAPITAL LIMITED

鼎立資本有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 356)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

INTERIM REPORT AND CONDENSED CONSOLIDATED ACCOUNTS

The Board (the “Board”) of Directors (the “Directors”) of DT Capital Limited (the “Company”) hereby presents the unaudited condensed consolidated accounts of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022. The interim results had been reviewed by the audit committee of the Company and approved by the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	<i>Note</i>	Six months ended 30 June 2022 (Unaudited) HK\$	Six months ended 30 June 2021 (Unaudited) HK\$
Revenue	4	318,670	822,403
Other revenue	5	67,643	58,700
Fair value (loss)/gain on financial assets at fair value through profit or loss	6	(18,841,845)	4,573,746
Administrative and other operating expenses		(4,173,920)	(4,139,998)
Finance cost	7	–	(35,773)
(Loss)/Profit before taxation	8	(22,629,452)	1,279,078
Taxation	9	318,189	(908,790)
(Loss)/Profit and total comprehensive (loss)/income for the period attributable to equity holder of the Company		(22,311,263)	370,288
(Loss)/Earnings per share	10	(0.82) cents	0.02 cents
Interim dividend		Nil	Nil

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022 (Unaudited) HK\$	31 December 2021 (Audited) HK\$
	<i>Note</i>		
Current assets			
Financial assets at fair value through profit or loss	<i>11</i>	79,150,073	100,170,107
Other receivables, deposits and prepayments		23,536,613	1,526,315
Cash and bank balances		2,561,021	26,643,975
		<u>105,247,707</u>	<u>128,340,397</u>
Current liabilities			
Other payables and accruals		<u>280,920</u>	<u>744,158</u>
		280,920	744,158
Net current assets		<u>104,966,787</u>	<u>127,596,239</u>
Non-current liability			
Deferred taxation	<i>9</i>	<u>663,950</u>	<u>982,139</u>
		663,950	982,139
Net assets		<u>104,302,837</u>	<u>126,614,100</u>
Capital and reserves			
Share capital		27,352,800	27,352,800
Reserves		<u>76,950,037</u>	<u>99,261,300</u>
Shareholders' funds		<u>104,302,837</u>	<u>126,614,100</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss which are measured at fair values.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021 except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

None of these amended standards has a impact on the Group’s resents and financial position for the current or prior period. The Group has not early applied any new or amended standards that is not yet effective for the current accounting period.

4. REVENUE

	Six months ended 30 June 2022 (Unaudited) HK\$	Six months ended 30 June 2021 (Unaudited) HK\$
Dividend income from listed equity securities	<u>318,670</u>	<u>822,403</u>
	<u>318,670</u>	<u>822,403</u>

The principal activities of the Group are investments in securities listed on the The Stock Exchange of Hong Kong Limited and unlisted securities with a potential growth and capital appreciation.

4. REVENUE (CONT'D)

No analysis of the Group's revenue and contribution to operating loss for the current and prior period set out by principal activities and geographical markets is provided. It is because the Group has only one single business segment, investment holding, and all the consolidated revenue and the consolidated results of the Group are attributable to performance of the markets in Hong Kong.

5. OTHER REVENUE

	Six months ended 30 June 2022 (Unaudited) HK\$	Six months ended 30 June 2021 (Unaudited) HK\$
Other Revenue		
Interest income	19,643	58,700
HKSAR – ESS's Subsidy	48,000	–
	<u>67,643</u>	<u>58,700</u>

6. FAIR VALUE (LOSS)/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June 2022 (Unaudited) HK\$	Six months ended 30 June 2021 (Unaudited) HK\$
Fair value (loss)/gain on financial assets at fair value through profit and loss		
Realised		
– from listed shares in Hong Kong	<u>(10,031,256)</u>	<u>1,849,211</u>
Unrealised		
– from listed shares in Hong Kong	(9,469,110)	3,127,726
– from unlisted investment 廣州市金洋水產養殖有限公司	<u>658,521</u>	<u>(403,191)</u>
	<u>(8,810,589)</u>	<u>2,724,535</u>
	<u>(18,841,845)</u>	<u>4,573,746</u>

7. FINANCE COSTS

	Six months ended 30 June 2022 (Unaudited) HK\$	Six months ended 30 June 2021 (Unaudited) HK\$
Interest on lease liabilities	–	35,773

8. (LOSS)/PROFIT BEFORE TAXATION

	Six months ended 30 June 2022 (Unaudited) HK\$	Six months ended 30 June 2021 (Unaudited) HK\$
(Loss)/Profit before taxation is stated after charging the following:		
Staff cost (including directors' remuneration)		
– Salaries, bonuses and allowances	1,750,240	1,592,600
– Contribution on defined contribution mandatory provident fund scheme	45,250	43,500

9. TAXATION

No provision for Hong Kong profits tax has been made as the tax losses brought forward from prior years exceeded the estimated assessable profits of the Group for the period ended 30 June 2021 and 30 June 2022.

Deferred tax liabilities recognised are analysed as follows:

	Unrealised gain on financial assets at FVPL HK\$
At 31 December 2021	982,139
At 31 December 2021 and 1 January 2022	982,139
Charge for the period	(318,189)
At 30 June 2022	663,950

10. (LOSS)/EARNINGS PER SHARE

The calculation of the loss per share for the six months ended 30 June 2022 is based on the Group's loss attributable to the equity holders of the Company of HK\$22,311,263 and the weighted average number of 2,735,280,000 ordinary shares in issue during the period. Earnings per share for the six months ended 30 June 2021 is based on the Group's profit attributable to equity holders of the Company of HK\$370,288 and the weighted average number of 2,279,400,000 ordinary shares in issue during the prior period.

No diluted earnings per share is presented since the Group did not issue any dilutive potential ordinary shares during both periods presented.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 (Unaudited) HK\$	31 December 2021 (Audited) HK\$
Equity securities listed in Hong Kong at fair value	<u>75,878,348</u>	<u>97,556,902</u>
Unlisted equity securities, at fair value	<u>75,878,348</u> <u>3,271,725</u>	<u>97,556,902</u> <u>2,613,205</u>
	<u><u>79,150,073</u></u>	<u><u>100,170,107</u></u>

a) Detail of Financial Assets at Fair Value through Profit or Loss

Name of investee	30 June 2022 (Unaudited) HK\$	31 December 2021 (Audited) HK\$
Unlisted equity securities, at fair value 廣州市金洋水產養殖有限公司	<u>3,271,725</u>	<u>2,613,205</u>
	<u><u>3,271,725</u></u>	<u><u>2,613,205</u></u>

REVIEW OF REPORT

For the six months ended 30 June 2022, the Group recorded a net loss attributable to shareholders of approximately HK\$22,311,263 (2021: profit HK\$370,288) and loss per share of HK0.82 cents (2021: earnings HK0.02 cents).

INTERIM DIVIDEND

The Board of Directors has resolved not to declare and pay any interim dividend for the period ended 30 June 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Compared with the corresponding period of the last year, the loss were mainly caused by increasing realized and unrealized loss on financial assets at fair value through profit or loss to approximately HK\$10.03 million and HK\$8.81 million (2021: realized gain HK\$1.85 million and unrealized gain HK\$2.72 million).

We had invested one biotechnology project in January 2022 but this project had been ceased in June 2022 because we had considered the current investment environment, relevant risk and potential return of the biotechnology business.

The stock market was fluctuating in the first half of 2022 that led to the Group's unrealized fair value loss on listed securities of approximately HK\$9.47 million (2021: gain HK\$3.13 million) and realized loss on listed securities of approximately HK\$10.03 million (2021: gain HK\$1.85 million).

The performance of investments were affected by the major factors as follows:

Economic and Social – Economic and Social factors affected the stock market and caused its fluctuation, such as “COVID-19” pandemic around the globe and Ukraine's war.

Liquidity – Liquidity affected the Group short term strategy to balance in investing listed and unlisted securities and maintaining the cash position.

The Group strategy was to maintain strong cash balance to prepare for stock market fluctuation in 2022. The Group had a new investment plan in the first half of 2022. The Group short term strategy is changed from time to time to reflect the market and economic situation and long term strategy is balanced in investing listed and unlisted securities with an aim to increase shareholder's returns.

The proceeds of approximately HK\$15.72 million from the Placing on 31 December 2021 is for investment in potential projects relating to biological technology business or other potential projects identified by the Group. The Group had been invested HK\$20 million, together with the balance of HK\$3.5 million of the proceeds from the Placing conducted on 28 December 2017, in one unit fund for biological technology business in January 2022. But this project had been ceased in June 2022 because we had considered the current investment environment, relevant risk and potential return of the biotechnology business.

The Company will adopt a prudent approach to identify and assess investment opportunities in 2022. The Board will closely monitor the economic and financial condition of the market and will actively look for suitable investment opportunities, with the aim to use the available fund of the Company in a more effective way.

PROSPECTS

Markets continued to be dominated by worries over rising inflation and a potentially faster pace of central bank tightening, as well as the ongoing war in Ukraine.

Russia's invasion of Ukraine creates near-term risks for markets, but also casts a shadow over the longer-term outlook. The immediate threat comes from high energy prices, rising food prices and disrupted supply chains. The longer-term issues are a new cold war between Russia and the West, increased military spending and a further blow to globalisation. The war is a defining moment for Europe, which now needs to unwind decades of Russian energy dependence, accelerate its sustainable energy transition and rebuild military capability.

The Chinese government recently announced an above-expectations 5.5% GDP growth target for 2022. The economy, however, continues to face pressures, and market expect that significantly more stimulus will be required to get close to the growth target. COVID-19 still poses a challenge to the Chinese economy with the government's zero-tolerance approach. A recent outbreak has seen lockdowns in Shenzhen and parts of Shanghai, both of which are economically important.

In U.S, the prices of gas, food and most other goods and services jumped in May 2022, raising inflation to a new four-decade high. The new inflation figure, the biggest yearly increase since December 1981, will heighten pressure on the Federal Reserve to continue raising interest rates aggressively.

In Hong Kong, the COVID-19 pandemic has continually affecting the Hong Kong investment environment in 2022.

With the above in mind, we will adopt a prudent approach to identify and assess investment opportunities while continue to seek out investment opportunities with long-term prospects to enrich our investment portfolio. As always, we will maintain our pragmatic approach to maximize returns to shareholders while minimizing losses.

FINANCIAL REVIEW

Financial Resources and Liquidity

The Group maintained a cash position, bank balance and cash amounting to approximately HK\$2.56 million as at 30 June 2022 (31 December 2021: HK\$26.6 million).

The Group's total borrowings comprising other payables and accruals amounted to approximately HK\$0.28 million as at 30 June 2022 (31 December 2021: HK\$0.7 million).

As at 30 June 2022, the Group's gearing ratio was approximately 0.26% (31 December 2021: 0.58%).

The Group had net financial asset investments of approximately in total of HK\$79.15 million as at 30 June 2022 (31 December 2021: HK\$100.17 million).

Capital structure

There has been no change to the capital structure of the Company since 1 January 2022.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed a total of 6 employees (2021: 6) including the Directors and senior management of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

STAFF COST

The Group's total staff costs for the period under review amounted to HK\$1,795,490 (2021: HK\$1,636,100).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's assets and liabilities are majority denominated in Hong Kong dollars. The Group at present does not have any contracts to hedge against its foreign exchange risks.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities.

CORPORATE GOVERNANCE

The Board has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company’s code of corporate governance practices. During the six months ended 30 June 2022, the Company has complied with the code provisions under the CG Code.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee of the Company has reviewed the interim report for the period ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company.

PUBLICATION OF INTERIM REPORT

This interim report is published on HKExnews website at www.hkexnews.hk and on the website of the Company at www.dt-capitalhk.com.

By order of the Board
Chan Pui Kwan
Chairman

Hong Kong, 26 August 2022

As at the date of this announcement, the Board comprises Mr. Su Chunxiang, Mr. Leong Chi Wai and Mr. Lewis Chan as Executive Directors; Ms. Chan Pui Kwan and Mr. Lam Chi Keung as Non-executive Directors; Mr. Chen Yeung Tak, Mr. Leung Ka Kui and Mr. Jochum Siebren Haakma as Independent Non-executive Directors.