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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 AUDITED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the “Board”) of directors (the “Directors”) of DT Capital Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2017 together with the comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 HK\$	2016 HK\$
Gross proceeds from disposal of equity securities and debt securities		92,726,875	60,853,548
Revenue	5	7,722,012	6,413,008
Other revenue	6	10,614,263	10,779,837
Share of results of an associate		(963,249)	122,622
Impairment loss on available-for-sale financial assets		—	(2,000,000)
Administrative and other operating expenses		(9,337,945)	(10,108,465)
Profit before taxation	7	8,035,081	5,207,002
Income tax expense	8	—	—
Profit for the year attributable to equity holders of the Company		8,035,081	5,207,002
Other comprehensive income/(loss)			
Items that may be reclassified subsequent to profit or loss:			
Fair value changes on available-for-sale financial assets		6,808,305	9,801,462
Released upon disposal of available-for-sale financial assets		(829,600)	—
Other comprehensive income for the year, net of tax		5,978,705	9,801,462
Total comprehensive income attributable to equity holders of the Company		14,013,786	15,008,464
Earnings per share			
Basic and diluted	9	0.0042	0.0027
Dividend		Nil	Nil

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	<i>Note</i>	2017 HK\$	2016 <i>HK\$</i>
Non-current assets			
Property, plant and equipment		130,554	180,488
Interest in an associate	<i>10</i>	10,448,102	10,470,265
Available-for-sale financial assets	<i>11</i>	31,378,487	26,107,755
		41,957,143	36,758,508
Current assets			
Account and other receivables, deposits and prepayments	<i>12</i>	40,468,809	6,505,210
Available-for-sale financial assets	<i>11</i>	8,000,000	28,000,000
Financial assets at fair value through profit or loss	<i>13</i>	86,700,030	85,573,176
Cash and bank balances		41,589,932	13,164,109
		176,758,771	133,242,495
Current liabilities			
Other payables and accruals	<i>14</i>	2,625,508	3,634,983
Net current assets		174,133,263	129,607,512
Net assets		216,090,406	166,366,020
Capital and reserves			
Share capital		22,794,000	18,995,000
Reserves		193,296,406	147,371,020
Total equity		216,090,406	166,366,020
Net asset value per share	<i>15</i>	0.09	0.09

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL

DT Capital Limited (“the Company”) is a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is Unit D, 6th Floor, Eton Building, 288 Des Voeux Road Central, Hong Kong.

The Company and its subsidiaries (“the Group”) engage in investment holding and trading of securities.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Group.

2. NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and revised HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material impact on the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. NEW OR AMENDED HKFRSs THAT HAVE BEEN ISSUED BUT NOT YET EFFECTIVE

Up to the date of approval of these consolidated financial statements, the HKICPA has issued the following new standards, amendments and interpretation which are not yet effective for the accounting period ended 31 December 2017 and which have not been early adopted in these consolidated financial statements:

Annual Improvements Project	Annual Improvements 2014-2016 Cycle ¹
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures ¹
HKAS 40 (Amendment)	Transfers of Investment Property ¹
HKFRS 1 (Amendment)	First Time Adoption of HKFRS ¹
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions ¹
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 9	Financial Instruments ¹
HKFRS 10 and HKAS 28 (Amendment)	Sales of Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contract ³
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) 23	Uncertainty over Income Tax Treatments ²

- ¹ Effective for annual periods beginning on or after 1 January 2018
- ² Effective for annual periods beginning on or after 1 January 2019
- ³ Effective for annual periods beginning on or after 1 January 2021
- ⁴ Effective for annual periods beginning on or after a date to be determined

4. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention except that financial assets at fair value through profit or loss and available-for-sale financial assets are stated at fair value.

5. REVENUE

	2017	2016
	HK\$	HK\$
Net gain on financial assets at fair value through profit or loss		
Listed investments		
— Realised	3,266,107	1,831,019
— Unrealised	1,902,255	3,500,943
	5,168,362	5,331,962
Dividend income from listed equity securities	886,983	1,081,046
Dividend income from unlisted equity securities	1,666,667	—
	7,722,012	6,413,008

No analysis of the Group’s revenue and contribution to operating profit for the current and prior years 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.

No information about major customers has been disclosed as a substantial portion of the Group’s income is derived from the Group’s investments in listed equity securities and unlisted debt securities and the disclosure of information regarding customers would not be meaningful.

Certain figures in revenue and other revenue have been reclassified to better present the operation result of the Group.

6. OTHER REVENUE

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Other revenue		
Net realised gain on listed available-for-sale financial assets	1,963,635	1,406,497
Interest income	7,578,080	8,914,109
Set up fee income on bonds	—	300,000
Sundry income	128,610	120,701
Exchange gain	943,938	38,530
	<u>10,614,263</u>	<u>10,779,837</u>

7. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Auditors' remuneration	238,000	220,000
Depreciation	49,934	61,726
Investment management fee paid to an investment manager	2,624,237	2,376,664
Performance fee paid to an investment manager	1,504,784	2,648,553
Financial advisory fee paid to an investment manager	120,000	360,000
Staff costs, including contributions of HK\$94,900 (2016: HK\$94,504) to a defined contribution mandatory provident fund scheme	2,465,420	2,429,840
Minimum lease payments on properties under operating leases	227,520	306,000
Written off of property, plant and equipment	—	261,588
	<u>—</u>	<u>—</u>

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the tax losses brought forward from prior years exceed the estimated assessable profits for the years ended 31 December 2017 and 31 December 2016.

9. EARNINGS PER SHARE

The basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$8,035,081 (2016: HK\$5,207,002) and the weighted average number of 1,903,663,288 (2016: 1,899,500,000) ordinary shares in issue during the year.

The Company has no dilutive potential ordinary shares.

10. INTEREST IN AN ASSOCIATE

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Unlisted investments, at cost	5	5
Share of post-acquisition profits, net of dividends received	<u>912,235</u>	<u>1,875,484</u>
	912,240	1,875,489
Amount due from an associate	<u>9,535,862</u>	<u>8,594,776</u>
	<u><u>10,448,102</u></u>	<u><u>10,470,265</u></u>

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Capital contribution, at cost	4,219,243	4,219,243
Unlisted equity securities, at cost	6,666,667	6,750,000
Unlisted debt securities, at cost	<u>8,000,000</u>	<u>28,000,000</u>
	18,885,910	38,969,243
<i>Less: provision for impairment loss</i>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
	16,885,910	36,969,243
Listed equity securities in Hong Kong, at fair value	<u>22,492,577</u>	<u>17,138,512</u>
	39,378,487	54,107,755
<i>Less: Amount not matured within 12 months</i>	<u>(31,378,487)</u>	<u>(26,107,755)</u>
	8,000,000	28,000,000
	<u><u>8,000,000</u></u>	<u><u>28,000,000</u></u>
Market value of listed equity securities	<u><u>22,492,577</u></u>	<u><u>17,138,512</u></u>

At the end of the reporting period, all available-for-sale financial assets are stated at fair value except those unlisted equity and debt securities of which their fair values cannot be measured reliably. Fair value of listed equity securities have been determined by reference to published price quotations in actual markets.

12. ACCOUNT AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Account receivables	37,200,000	—
Other receivables	2,943,275	6,186,438
Deposits	65,765	65,765
Prepayments	259,769	253,007
	<u>40,468,809</u>	<u>6,505,210</u>

The ageing analysis of account receivables that are neither individually nor collectively considered to be impaired is as follows:

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Over 3 months but less than one year past due	<u>37,200,000</u>	<u>—</u>

Receivables that were past due but not impaired related to a matured convertible bond which has been recovered in January, 2018.

No ageing analysis is disclosed for other receivables in view of the fact that they comprise mainly accrued interest income from unlisted debt securities and deposit placed in broker's account.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Financial assets designated as financial assets at fair value through profit or loss:		
Unlisted convertible debt securities at fair value	5,250,000	35,250,000
Financial assets held for trading:		
Equity securities listed in Hong Kong at fair value	81,450,030	50,323,176
	<u>86,700,030</u>	<u>85,573,176</u>
Fair value of listed equity securities	<u>81,450,030</u>	<u>50,323,176</u>
Fair value of unlisted debt securities	<u>5,250,000</u>	<u>35,250,000</u>

14. OTHER PAYABLES AND ACCRUALS

Included in the other payables and accruals are the amount due to the investment manager for unsettled investment management fee of HK\$669,997, performance fee of HK\$1,504,784 and financial advisory fee of HK\$Nil (2016: HK\$636,425, HK\$2,648,553 and HK\$90,000).

No ageing analysis is disclosed as there are no trade creditors.

15. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$216,090,406 (2016: HK\$166,366,020) and 2,279,400,000 (2016: 1,899,500,000) ordinary shares in issue as at 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2017, DT Capital Limited (the “Company”) and its subsidiaries (collectively, the “Group”) recorded profit attributable to equity holders of approximately HK\$8 million (2016: HK\$ 5.2 million). The earnings per share was HK\$0.0042 (2016: HK\$0.0027). Increase in profit in 2017 were mainly caused by an increase in the realised listed investment approximately HK\$1.4 million and no impairment loss on available-for-sale financial assets HK\$2 million compared with 2016. In addition, there were no interest expenses in 2017 and 2016.

Having adopted the advice from Hua Yu Investment Management Limited (“Hua Yu”), the Company’s Investment Manager, the Group has increase investment in listed securities. There was no new investment plan and the Company has fully disposed of one project and partial settled one bond investment in 2017.

Prospects

In 2017, the global economy normalized as the effects from the global financial crisis subside. Global economic growth reached 3 percent — the highest growth rate since 2011 — and growth is expected to remain steady for the coming year. The World Bank forecasts global economic growth to edge up to 3.1 percent in 2018 after a much stronger-than-expected 2017, as the recovery in investment, manufacturing, and trade continues.

Looking ahead at 2018, if financial conditions are tightened or major economies slowed down at a rate that exceed initial expectations, existing financial vulnerabilities may be exacerbated. These vulnerabilities include elevated domestic debt, large external financing needs, and limited policy buffers. Overall, increased protectionist sentiment in advanced economies, particularly the United States, and policy changes resulting from Great Britain’s departure from the European Union, would deepen uncertainty about established trading and investment relationships. As for Asia, geopolitical tensions in the Korean peninsula could negatively affect confidence and trigger financial instability. However, we remain optimistic about our prospects.

In our regions of interest, we expect steady growth with possible upside surprises. The USA shows signs of stronger corporate capital expenditure, a recovery in productivity and a likely fiscal boost that should prolong the business cycle for another year. In the Eurozone, the newfound cyclical strength should persist, barring an unlikely political crisis or an extreme appreciation of the euro. UK growth should remain subdued given Brexit-related uncertainty, but Switzerland is set to benefit from Eurozone strength and a weaker currency. Given tightening labor markets, inflation is likely to creep up, but upside risks are limited.

In China, economic activity continues to be driven mainly by consumption. The stronger-than-expected growth in 2017 was mainly due to an acceleration in exports on the back of firming global demand. Despite regulatory tightening, credit growth continued to support economic activity.

Meanwhile, housing prices eased in response to tighter policies targeting real estate sector. Tighter capital controls contributed to reduced capital outflows, a reversal of the earlier foreign reserve drawdown, and an appreciation of the Renminbi. Given its leadership's focus on moderating credit excesses, economic growth is unlikely to accelerate in China, but the government can prevent a sharper slowdown. Considering China's increasing weight in the global economy, its growth contribution is set to increase.

With so many unpredictable factors, we believe the key to success is in managing risk successfully through diversification and due diligence. In 2018, we will continue our creative yet careful approach to new investments and portfolio management — we will explore new potential areas of investment while exercising due caution where necessary.

Apart from trading of securities, the Management will continue to work together with Hua Yu to increase shareholder's returns, by exploring various sectors and regions with the aim of finding additional favorable investments that are undervalued and have sustainable income streams.

Financial Review

Financial Resources and Liquidity

As at 31 December 2017, the total equity of the Group amounted to approximately HK\$216.09 million (31 December 2016: HK\$166.37 million).

As at 31 December 2017, the Group maintained a cash position, bank balances and cash amounting to approximately HK\$41.59 million (31 December 2016: HK\$13.16 million).

The Group's net financial asset investments of approximately HK\$136.53 million as at 31 December 2017 (31 December 2016: HK\$150.15 million).

Gearing Ratio

The Group's total borrowings comprising the accounts payable and accruals, amounted to approximately HK\$2.62 million as at 31 December 2017 (31 December 2016: HK\$3.63 million).

The Group's gearing ratio calculated on the basis of total borrowings over the shareholders' equity of the Company was approximately 1.22% as at 31 December 2017 (31 December 2016: 2.18%).

Final Dividend

The Board has resolved not to recommend any payment of final dividend for the year ended 31 December 2017 (2016: Nil).

Capital Structure

During the year ended 31 December 2017, the Company has conducted a fund raising activity by the placing of 379,900,000 shares (“Placing Shares”) at a price of HK\$0.094 per Placing Share (the “Placing”). The Placing was completed on 28 December 2017. The Company has successfully placed an aggregate of 379,900,000 Placing Shares to one placee, represented (i) 20% of the issued share capital of the Company immediately prior to completion of the Placing; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the 379,900,000 Placing Shares. Company’s issued share capital was increased from 1,899,500,000 to 2,279,400,000 immediately after the completion of the Placing.

Capital Commitment and Contingent Liabilities

As at 31 December 2017, the Group has capital commitment of approximately HK\$7 million (2016: HK\$10 million) for long term equity investment and no contingent liabilities.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group’s assets and liabilities are majority denominated in Hong Kong Dollars. Exposure to foreign currency exchange rates arises out of the Group’s oversea investment, Thai baht. The Group at present does not have any contracts to hedge against its foreign exchange risks.

Share Options

The Company has not adopted any share option scheme.

Employees and Remuneration Policies

As at 31 December 2017, the Group employed a total of 6 employees (2016: 5) including the executive directors 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

There was no purchase, sale or redemption of the Company’s shares by the Company or any of its subsidiaries for the year ended 31 December 2017.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Board has applied the principles and complied with the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the year ended 31 December 2017, save and except for the deviations of the following:

CG Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. One executive Director and two independent non-executive Directors were unable to attend the annual general meeting of the Company held on 26 May 2017 due to their other business engagements.

Apart from the above-mentioned deviations, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting those in the code provision. The practice of the corporate governance of the Company will be reviewed and updated from time to time in order to comply with the requirement of the Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) according to “A Guide for the Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants and the terms of reference adopted in compliance with the CG Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee had also reviewed the annual results of the Group for the year ended 31 December 2017 in conjunction with the Company’s external auditors.

The figures in respect of the preliminary announcement of the Group’s result for the year ended 31 December 2017 have been agreed by the Group’s auditors, Li, Tang, Chen & Co, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Li, Tang, Chen & Co in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Li, Tang, Chen & Co on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

PUBLICATION OF THE FINAL RESULT AND ANNUAL REPORT

The results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.dt-capitalhk.com>) under sections of "Annual/Interim Report" and "Announcements". The 2017 annual report will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express its appreciation to the staff and management team of the Group for their contribution in 2017 and would like to give my sincere gratitude to the shareholders for their continued support.

By Order of the Board
DT Capital Limited
Chan Pui Kwan
Chairman

Hong Kong, 23 March 2018

As at the date of this announcement, the Board comprises Mr. Leung King Yue, Alex, Mr. Leong Chi Wai and Mr. Lewis Chan as Executive Directors; Ms. Chan Pui Kwan and Ms. Li Peng as Non-executive Directors; Mr. Kwok Ming Fai, Mr. Lo Chi Ming Erik and Mr. Jochum Siebren Haakma as Independent Non-executive Directors.