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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 2018

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 2018. 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 2018

		Six months ended 30 June 2018 (Unaudited) <i>HK\$</i>	Six months ended 30 June 2017 (Unaudited) <i>HK\$</i>
	<i>Note</i>		
Gross proceeds from disposal of securities		<u>37,370,903</u>	<u>19,493,122</u>
Revenue	4	(9,917,917)	13,024,960
Other revenue	5	599,378	5,005,581
Administrative and other operating expenses		(4,265,083)	(3,184,253)
Share of result of an associate		<u>100,906</u>	<u>(549,907)</u>
(Loss)/Profit before taxation	7	(13,482,716)	14,296,381
Taxation	8	<u>—</u>	<u>—</u>
(Loss)/Profit for the period attributable to equity holder of the Company		(13,482,716)	14,296,381

	<i>Note</i>	Six months ended 30 June 2018 (Unaudited) HK\$	Six months ended 30 June 2017 (Unaudited) HK\$
Other comprehensive income/(loss) for the period			
Items that may be reclassified subsequent to profit or loss:			
Fair value change on available-for-sale financial assets — net movement in investment valuation reserve (recycling)		—	541,148
Reclassification adjustments transfer to profit or loss — release upon disposal of available-for-sale financial assets		—	(829,600)
		—	(288,452)
Items that will not be reclassified subsequent to profit or loss:			
Equity investment at fair value through other comprehensive income — net movement in investment valuation reserves (non-recycling)		<u>762,283</u>	—
Total comprehensive (loss)/income for the period attributable to equity holders of the Company		<u>(12,720,433)</u>	<u>14,007,929</u>
(Loss)/Profit per share	9	<u>(0.59) cents</u>	<u>0.75 cents</u>
Interim dividend		<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		30 June	31 December
		2018	2017
	<i>Note</i>	(Unaudited)	(Audited)
		HK\$	HK\$
Non-current assets			
Property, plant and equipment		105,587	130,554
Interest in associate		10,431,373	10,448,102
Available-for-sale financial assets	<i>10</i>	—	31,378,487
Financial assets at fair value through other comprehensive income	<i>10</i>	17,410,028	—
		27,946,988	41,957,143
Current assets			
Available-for-sale financial assets	<i>10</i>	—	8,000,000
Financial assets at fair value through profit or loss	<i>11</i>	114,264,913	86,700,030
Prepayments, deposits and other receivables		1,097,046	40,468,809
Bank balances and cash		60,552,477	41,589,932
		175,914,436	176,758,771
Current liabilities			
Other payables and accruals		904,540	2,625,508
		904,540	2,625,508
Net current assets		175,009,896	174,133,263
Net assets		202,956,884	216,090,406
Capital and reserves			
Share capital		22,794,000	22,794,000
Reserves		180,162,884	193,296,406
Shareholders' funds		202,956,884	216,090,406

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 and financial assets at fair value through other comprehensive income, which are measured at fair values, and financial assets at amortised cost, which is measured at amortised cost as appropriate.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017 except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3.

3. Changes in Accounting Policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the Group has been impacted by HKFRS9 in relation to classification and measurement of financial assets. Details of the changes in accounting policies are discussed below.

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

HKFRS 9 replaces the provisions of HKAS 39 that related to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognized the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

Classification and measurement

On 1 January 2018, the Group's management has classified its financial instruments into the appropriate HKFRS 9 categories. There is no significant impact on the classification and measurement of the available-for-sale financial assets ("AFS") elected to be classified as financial assets at amortised cost and fair value through other comprehensive income ("FVOCI") which is stated at fair value before. However, gains or loss realized on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the investment valuation reserve (non-recycling) to retained earnings. Equity investments classified as AFS and stated at cost before are elected to be classified as FVOCI and remeasured at fair value. With respect to the Group's financial assets reclassified as financial assets at fair value through profit or loss ("FVTPL"), any fair value change is recognised in profit or loss as it arises.

The main effects resulting from this reclassification and remeasurement are as follows:

Financial assets — 1 January 2018

		Amortised		
	AFS	Cost	FVTPL	FVOCI
<i>Note</i>	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance 1 January 2018				
— HKAS 39	39,378,487	—	86,700,030	—
Reclassify listed equity from AFS to FVTPL	<i>(a)</i> (14,317,652)	—	14,317,652	—
Reclassify non-trading listed equity from AFS to FVOCI	<i>(b)</i> (8,174,925)	—	—	8,174,925
Reclassify and remeasure non-trading unlisted equity from AFS to FVOCI	<i>(b)</i> (8,885,910)	—	—	8,472,821
Reclassify unlisted debt security from AFS to Amortised Cost	<i>(c)</i> (5,000,000)	5,000,000	—	—
Reclassify unlisted debt security from AFS to FVTPL	<i>(d)</i> (3,000,000)	—	3,000,000	—
Opening balance 1 January 2018				
— HKFRS 9	<u>—</u>	<u>5,000,000</u>	<u>104,017,682</u>	<u>16,647,746</u>

The impact of these changes on the Group's equity is as follows:

	<i>Note</i>	Effect on investment valuation reserve (recycling) <i>HK\$</i> (Unaudited)	Effect on investment valuation reserve(non- recycling) <i>HK\$</i> (Unaudited)	Effect on accumulated loss <i>HK\$</i> (Unaudited)
Opening balance 1 January 2018 — HKAS 39		15,780,167	—	(85,409,921)
Reclassify listed equity from AFS to FVTPL	<i>(a)</i>	(11,036,692)	—	11,036,692
Reclassify non-trading listed equity from AFS to FVOCI	<i>(b)</i>	(4,743,475)	4,743,475	—
Revalue the unlisted equity reclassified from AFS to FVOCI	<i>(b)</i>	—	(413,089)	—
Opening balance 1 January 2018 — HKFRS 9		—	4,330,386	(74,373,229)

Notes:

(a) Reclassification of a listed equity investment from AFS to FVTPL

The Group's investment in certain listed share was reclassified from AFS to FVTPL (HK\$14,317,652 as at 1 January 2018). This listed share was classified to trading listed equity under the business model. This listed share with a fair value of HK\$14,317,652 was reclassified from AFS to FVTPL and related fair value gain of HK\$11,036,692 was reclassified from the investment valuation reserve (recycling) to the accumulated loss on 1 January 2018.

(b) Remaining equity investments previously classified as AFS

The Group elected to present in other comprehensive income changes in the fair value of all its remaining equity investments previously classified as AFS because such investment is held as long-term strategic investment that is not expected to be sold in the short to medium term. As a result, a listed equity investment with fair value of HK\$8,174,925 was reclassified from AFS to FVOCI and total fair value gain of HK\$4,743,475 was reclassified from the investment valuation reserve (recycling) to the investment valuation reserve (non-recycling) on 1 January 2018.

And unlisted equity investments with cost of HK\$8,885,910 was reclassified from AFS to FVOCI and remeasured at fair value of HK\$8,472,821 with fair value loss of HK\$413,089 adjusted to investment valuation reserve (non-recycling).

(c) Reclassification from AFS to Amortised cost

An unlisted debt security is held for the collection of contractual cash flows which represent solely payments of principal and interest. The debt security at cost of HK\$5,000,000 was reclassified from AFS to amortised cost.

(d) *Remaining debt security previously classified as AFS*

The Group's investment in another unlisted debt securities was reclassified from AFS to FVTPL (HK\$3,000,000 as at 1 January 2018). They do not meet the criteria to be classified as FVOCI or amortised cost. This unlisted debt securities with fair value of HK\$3,000,000 was reclassified from AFS to FVTPL with no fair value gain/loss.

Impairment of financial assets

The Group is required to revise its impairment methodology under HKFRS 9 for each classes of assets. The provision for doubtful debts for these financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Revenue

	Six Months ended 30 June 2018 (Unaudited) HK\$	Six Months ended 30 June 2017 (Unaudited) HK\$
Net realized and unrealized (loss)/gain on financial assets at fair value through profit or loss	(10,439,983)	12,992,890
Dividend income from listed equity securities	522,066	32,070
	<u>(9,917,917)</u>	<u>13,024,960</u>

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

No analysis of the Group's revenue and contribution to operating profit 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 2018 (Unaudited) HK\$	Six months ended 30 June 2017 (Unaudited) HK\$
Other Revenue		
Net realized gain on AFS	—	1,063,635
Interest income	599,378	3,813,336
Other Income	—	128,610
	<u>599,378</u>	<u>5,005,581</u>

6. Finance Costs

There were no interest expenses for the six months ended 30 June 2017 and 30 June 2018.

7. (Loss)/Profit Before Taxation

	Six months ended 30 June 2018 (Unaudited) HK\$	Six months ended 30 June 2017 (Unaudited) HK\$
(Loss)/profit before taxation is stated after charging the following:		
Depreciation	24,967	24,967
Investment management fee	1,546,052	1,292,154
Rental charges under operating leases in respect of rented premises	104,446	116,335
Staff costs, including directors' emoluments	<u>1,444,180</u>	<u>1,269,120</u>

8. 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 2017 and 30 June 2018.

9. (Loss)/Profit Per Share

The calculation of the loss per share for the six months ended 30 June 2018 is based on the Group's loss attributable to the equity holders of HK\$13,482,716 and the weighted average number of 2,279,400,000 ordinary shares in issue during the period. Profit per share for the six months ended 30 June 2017 is based on the Group's profit attributable to equity holders of HK\$14,296,381 and the weighted average number of 1,899,500,000 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.

10. Financial assets at fair value through other comprehensive income/Available-for-sale Financial Assets

	30 June 2018 (Unaudited) HK\$	31 December 2017 (Audited) HK\$
Equity securities designated at FVOCI		
— Unlisted equity securities	7,247,715	—
— Listed equity securities in Hong Kong	8,752,950	—
— Capital contribution	3,409,363	—
	<u>19,410,028</u>	<u>—</u>
Available-for-sale financial assets		
— Capital contribution, at cost	—	4,219,243
— Unlisted equity securities, at cost	—	6,666,667
— Unlisted debt securities, at cost	—	8,000,000
— Listed equity securities in Hong Kong, at fair value	—	22,492,577
	<u>—</u>	<u>41,378,487</u>
	19,410,028	41,378,487
<i>Less:</i> provision for impairment loss	<u>(2,000,000)</u>	<u>(2,000,000)</u>
	17,410,028	39,378,487
<i>Less:</i> Amount not matured within 12 months	<u>(17,410,028)</u>	<u>(31,378,487)</u>
	—	8,000,000
Amount included under current assets	<u>—</u>	<u>8,000,000</u>

11. Financial Assets at Fair Value through Profit or Loss

	30 June 2018 (Unaudited) HK\$	31 December 2017 (Audited) HK\$
Unlisted convertible debt securities, at fair value	—	5,250,000
Unlisted debt securities, at fair value	3,000,000	—
Equity securities listed in Hong Kong, at fair values	111,264,913	81,450,030
	<u>114,264,913</u>	<u>86,700,030</u>

REVIEW OF REPORT

For the six months ended 30 June 2018, the Group recorded a net loss attributable to shareholders of HK\$13,482,716 (2017: profit HK\$14,296,381) and loss per share of HK\$0.59 cents (2017: profit per share of HK\$0.75 cents).

INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the period ended 30 June 2018 (2017: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Compared with the corresponding period of the last year, the net loss was mainly caused by increasing unrealized loss on financial assets at fair value through profit or loss of approximately HK\$11.64 million (2017: unrealized gain HK\$11.9 million).

Owing to the fluctuated stock market since February 2018, the Company incurred unrealized loss but it would not have any material impact on the Company given that it consists only approximately 5.7% of the Company net assets, and such loss is not yet realised and the value of such investment will change from time to time in light of the fluctuation of the stock market. The Board and investment manager will closely monitor the stock market situation and the Company business.

There was no new investment plan for the six months ended 30 June 2018, and the Company has fully disposed of two investment projects since January 2018.

Prospects

While global economic performance became fluctuation since the start of 2018, we remain cautious of possible risks of decline due to uneven economic growth and geopolitical tensions.

In the US, the new tax bill will probably boost GDP growth but US initiated the trade war with China, EU and other countries and US dollar has appreciated in recent months, as such there was increasing uncertainty in the US economy that could make it more fragile and fluctuate.

In the EU, the Brexit and trade war with US contributed to increasing uncertainty on the EU's prospects. The overall impact on the European economy is likely be felt for a long time in the markets.

As for China, US initiated the trade war with China, there was increasing pressure on the Chinese economy. The Chinese yuan has depreciated in recent month and we expected the Chinese yuan to remain under pressure in near future. Chinese economy is likely to experience a mild slowdown in the second half of the year as financial market risks become obvious and demand is expected to decline.

According to the latest “World Economic Outlook Update” published by IMF, global economic activity is projected to reach 3.9 percent in 2018 and 2019 but the expansion is becoming less even, and risks to the outlook are mounting.

With the above in mind, we will 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\$60.55 million as at 30 June 2018 (31 December 2017: HK\$41.59 million).

The Group’s total borrowings comprising other payables and accruals, amounted to approximately HK\$0.9 million as at 30 June 2018 (31 December 2017: HK\$2.62 million).

As at 30 June 2018, the Group’s gearing ratio was approximately 0.45% (31 December 2017: 1.22%).

The Group had net financial asset investments and interest in associate of approximately in total of HK\$142.11 million as at 30 June 2018 (31 December 2017: HK\$136.53 million).

Capital structure

There has been no change to the capital structure of the Company since 1 January 2018.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2018, the Group employed a total of 6 employees (2017: 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.

STAFF COST

The Group’s total staff costs for the period under review amounted to HK\$1,444,180 (2017: HK\$1,269,120).

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.

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 2018, 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 results for the period ended 30 June 2018.

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 with all Directors, they confirmed that 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 results is published on HKExnews website at www.hkexnews.hk and on the website of the Company at www.dt-capitalhk.com. The Company's 2017/18 interim report will be made available on the websites of the Stock Exchange and will be despatched to the shareholders of the Company in due course.

By order of the Board
Chan Pui Kwan
Chairman

Hong Kong, 24 August 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 and Mr. Jochum Siebren Haakma as Independent Non-executive Directors.