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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 2019

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 2019. 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 2019

		Six months ended 30 June 2019 (Unaudited) HK\$	Six months ended 30 June 2018 (Unaudited) HK\$
	<i>Note</i>		
Revenue	4	171,025	522,066
Other revenue	5	106,460	599,378
Fair value loss on financial assets at fair value through profit or loss	6,12	(7,103,378)	(9,244,869)
Administrative and other operating expenses		(3,471,044)	(4,265,083)
Share of result of an associate		—	100,906
Finance cost	7	(7,245)	—

		Six months ended 30 June 2019 (Unaudited) HK\$	Six months ended 30 June 2018 (Unaudited) HK\$
	<i>Note</i>		
Loss before taxation	<i>8</i>	(10,304,182)	(12,287,602)
Taxation	<i>9</i>	<u>—</u>	<u>—</u>
Loss and total comprehensive loss for the period attributable to equity holder of the Company	<i>12</i>	<u>(10,304,182)</u>	<u>(12,287,602)</u>
Loss per share	<i>10</i>	<u>(0.45) cents</u>	<u>(0.54) cents</u>
Interim dividend		<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		30 June 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		55,653	80,620
Right-of-use Asset-Lease		<u>203,887</u>	<u>—</u>
		259,540	80,620
Current assets			
Amount due from an investee		2,590,000	2,590,000
Financial assets at fair value through profit or loss	<i>11</i>	118,166,663	132,052,762
Prepayments, deposits and other receivables		9,665,279	2,749,840
Bank balances and cash		<u>43,303,269</u>	<u>46,994,381</u>
		<u>173,725,211</u>	<u>184,386,983</u>
Current liabilities			
Other payables and accruals		127,469	511,453
Lease liability		<u>205,314</u>	<u>—</u>
		<u>332,783</u>	<u>511,453</u>
Net current assets		<u>173,392,428</u>	<u>183,875,530</u>
Non-current liability			
Deferred taxation		<u>1,554,832</u>	<u>1,554,832</u>
Net assets		<u><u>172,097,136</u></u>	<u><u>182,401,318</u></u>
Capital and reserves			
Share capital		22,794,000	22,794,000
Reserves		<u>149,303,136</u>	<u>159,607,318</u>
Shareholders' funds		<u><u>172,097,136</u></u>	<u><u>182,401,318</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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, 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 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018 except for the accounting policy changes that are expected to be reflected in the 2019 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 2018, except for the adoption of new standards effective as of 1 January 2019.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the new and revised standards are not relevant to the preparation of the Group’s interim condensed consolidated financial information.

Adoption of HKFRS 16

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

(a) *The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:*

	Increase/ (decrease) (Unaudited)
Assets	
Increase in right-of-use assets	339,811
Decrease in prepayments, deposits and other receivables	<u>(13,762)</u>
Increase in total assets	<u><u>326,049</u></u>
Liabilities	
Increase in lease liabilities	<u>326,049</u>
Increase in total liabilities	<u><u>326,049</u></u>

(b) *Nature of the effect of adoption of HKFRS 16*

The lease liabilities as at 1 January 2019 reconciled to the operating leases commitments as at 31 December 2018 is as follows:

	(Unaudited)
Operating lease commitments as at 31 December 2018	
Weighted average incremental borrowing rate as at 1 January 2019	5.25%
Discounted operating lease commitments as at 1 January 2019	<u>326,049</u>
Lease liabilities as at 1 January 2019	<u><u>326,049</u></u>

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

4. Revenue

	Six Months ended 30 June 2019 (Unaudited) HK\$	Six Months ended 30 June 2018 (Unaudited) HK\$
Dividend income from listed equity securities	<u>171,025</u>	<u>522,066</u>
	<u>171,025</u>	<u>522,066</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 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 2019 (Unaudited) HK\$	Six Months ended 30 June 2018 (Unaudited) HK\$
Other Revenue		
Interest income	<u>106,460</u>	<u>599,378</u>
	<u>106,460</u>	<u>599,378</u>

6. Fair Value Loss on Financial Assets at Fair Value through Profit or Loss

	Six months ended 30 June 2019 (Unaudited) HK\$	Six months ended 30 June 2018 (Unaudited) HK\$	(Reclassified and restated) HK\$	Six months ended 30 June 2018 (Unaudited and Restated) HK\$
Fair value (loss)/gain on financial assets at fair value through profit and loss				
Realised				
— from listed shares in Hong Kong	260,919	1,201,729		1,201,729
Unrealised				
— from listed shares in Hong Kong	(7,713,097)	(11,641,712)		(11,641,712)
Kwong Man Kee Group Limited			578,025	578,025
— from unlisted investment				
Diamond Motto Limited	(104,000)	—	3,494,010	3,494,010
廣州市金洋水產養殖有限公司	1,361,800	—	(1,212,780)	(1,212,780)
Star League Investments Limited	(909,000)	—	(1,664,141)	(1,664,141)
	<u>(7,364,297)</u>	<u>(11,641,712)</u>	<u>1,195,114</u>	<u>(10,446,598)</u>
	<u>(7,103,378)</u>	<u>(10,439,983)</u>	<u>1,195,114</u>	<u>(9,244,869)</u>

The Group's management has applied HKFRS 9 and reclassified its financial instruments on 1 January 2018 that effect has been reflected in interim 2018. But the Group has reclassified in 2018 annual report. Therefore Diamond Motto Limited, 廣州市金洋水產養殖有限公司 and Kwong Man Kee Group Limited (listed share) have been reclassified from Available-for-sale Financial Assets to Financial assets at fair value through profit and loss in 2018 annual report. In 2018 annual report, the Group has been revalued all unlisted investment on 1 January 2018 and 31 December 2018 so the Group has adopted the consistent approach to restate all unlisted investment on 30 June 2018.

7. Finance Costs

	Six months ended 30 June 2019 (Unaudited) HK\$	Six months ended 30 June 2018 (Unaudited) HK\$
Interest on lease liabilities	<u>7,245</u>	<u>—</u>

8. Loss Before Taxation

	Six months ended 30 June 2019 (Unaudited) HK\$	Six months ended 30 June 2018 (Unaudited) HK\$
Loss before taxation is stated after charging the following:		
Depreciation — owned property, plant and equipment	24,967	24,967
Depreciation — right-of-use assets	135,924	—
Investment management fee	147,637	1,546,052
Rental charges under operating leases in respect of rented premises	—	104,446
Staff costs, including directors' emoluments	<u>1,516,601</u>	<u>1,444,180</u>

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 2018 and 30 June 2019.

10. Loss Per Share

The calculation of the loss per share for the six months ended 30 June 2019 is based on the Group's loss attributable to the equity holders of HK\$10,304,182 and the weighted average number of 2,279,400,000 ordinary shares in issue during the period. Loss per share for the six months ended 30 June 2018 is based on the Group's loss attributable to equity holders of HK\$12,287,602 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 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$
Unlisted equity securities, at fair value	17,021,800	15,764,000
Unlisted debt securities, at fair value	—	909,000
Equity securities listed in Hong Kong, at fair values	<u>101,144,863</u>	<u>115,379,762</u>
	<u>118,166,663</u>	<u>132,052,762</u>

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

<u>Name of investee</u>	30 June 2019 (Unaudited) HK\$	31 December 2018 (Audited) HK\$
Unlisted equity securities, at fair value		
Diamond Motto Limited	11,563,000	11,667,000
廣州市金洋水產養殖有限公司	5,458,800	4,097,000
Unlisted debt securities, at fair value		
Star League Investments Limited	—	909,000
	<u>17,021,800</u>	<u>16,673,000</u>

12. Comparative Figures

The following June 2018 comparative figures in financial asset was based on annual report and has been restated.

	Six months ended 30 June 2018 (Unaudited) HK\$	Loss per Share Six months ended 30 June 2018 (Unaudited) HK\$
Loss before taxation	(13,482,716)	(0.59) cents
Reclassified and restated the fair value gain on financial assets at fair value through profit or loss (Note 6)	<u>1,195,114</u>	
Loss before taxation (restated)	<u>(12,287,602)</u>	<u>(0.54) cents</u>

The adjustment was due to reclassification of investment as explained in Note 6 above.

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\$12,287,602 and the weighted average number of 2,279,400,000 ordinary shares in issue during the period.

No diluted earnings per share is presented since the Group did not issue any dilutive potential ordinary shares for the six months ended 30 June 2018.

REVIEW OF REPORT

For the six months ended 30 June 2019, the Group recorded a net loss attributable to shareholders of approximately HK\$10,304,182 (2018: HK\$12,287,602) and loss per share of HK\$0.45 cents (2018: HK\$0.54 cents).

INTERIM DIVIDEND

The Board of Directors has resolved not to declare and pay any interim dividend for the period ended 30 June 2019 (2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Compared with the corresponding period of the last year, the decrease in net loss was mainly caused by decreasing unrealized loss on financial assets at fair value through profit or loss to approximately HK\$7.36 million (2018: unrealized loss HK\$10.45 million).

There was no new investment plan since January 2019.

The stock market was fluctuating in 2019 that led to the Group's unrealized fair value loss on listed securities of approximately HK\$7.71 million (2018: loss HK\$11.06 million) and realized gain on listed securities of approximately HK\$0.3 million (2018: HK\$1.2 million).

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

Economic and Political – Economic and Political affected the stock market and caused its fluctuation, such as trade war between U.S. with China volatile, Brexit in U.K. and changing “Fugitive Offenders Ordinance” event in Hong Kong.

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 2019. Therefore, the Group had no new investment plan in 2019, the placing which was completed on 28 December 2017, raised a net amount of approximately HK\$35.07 million which was intended to invest in potential projects in the PRC or relating to technology business, but had not yet utilized and was deposited into the bank account of the Company. 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 to increase shareholder's returns.

Prospects

While global economic performance became fluctuating since the start of 2019, we remain cautious of possible risks of decline due to uneven economic growth and geopolitical tensions.

In the US, US started the trade war with China, EU and other countries and US dollar has fluctuated in recent month, so the economy was increasing uncertainty that could make the US economy more fragile and fluctuation.

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

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

In Hong Kong, changing the "Fugitive Offenders Ordinance" event has been continuing affecting the Hong Kong investment environment in recent months.

According to the latest "World Economic Outlook Update" published by IMF, global economic activity is projected to reach 3.3 percent in 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\$43.30 million as at 30 June 2019 (31 December 2018: HK\$46.99 million).

The Group's total borrowings comprising other payables and accruals and lease liability, amounted to approximately HK\$0.33 million as at 30 June 2019 (31 December 2018: HK\$0.51 million).

As at 30 June 2019, the Group's gearing ratio was approximately 0.19% (31 December 2018: 0.28%).

The Group had net financial asset investments of approximately in total of HK\$118.17 million as at 30 June 2019 (31 December 2018: HK\$132.05 million).

Capital structure

There has been no change to the capital structure of the Company since 1 January 2019.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed a total of 6 employees (2018: 6) 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\$1,516,601 (2018: HK\$1,444,180).

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 2019, 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 2019.

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, 29 August 2019

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. Chen Yeung Tak, Mr. Ruan Zhi and Mr. Jochum Siebren Haakma as Independent Non-executive Directors.