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 2019

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 2019 together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** *HK$*	2018 *HK$*
Gross proceeds from disposal of equity securities and debt securities		**15,037,075**	53,868,295
Revenue	*5*	**2,169,604**	4,577,037
Other revenue	*6*	**164,478**	551,814
Fair value loss on financial assets at fair value through profit or loss		**(17,301,696)**	(30,850,678)
Share of results of an associate		**–**	(104,028)
Impairment loss on interest in an associate		**–**	(10,422,498)
Administrative and other expenses		**(11,221,413)**	(7,396,993)
Finance cost		**(113,469)**	–
Loss before taxation	*7*	**(26,302,496)**	(43,645,346)
Income tax credit/(expenses)	*8(a)*	**493,459**	(1,554,832)
Loss for the year and total comprehensive loss attributable to equity holders of the Company		**(25,809,037)**	(45,200,178)
Losses per share			
Basic and diluted	*9*	**(0.0113)**	(0.0198)
Dividend		**Nil**	Nil

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 HK$	2018 HK$
Non-current assets			
Property, plant and equipment		**264,097**	80,620
Right-of-use assets		**6,589,024**	–
Interest in an associate	*10*	**7**	–
Deposit	*11*	**1,029,194**	–
Amount due from an investee	*13*	**2,230,000**	–
		10,112,322	80,620
Current assets			
Other receivables, deposits and prepayments	*11*	**13,658,467**	2,749,840
Financial assets at fair value through profit or loss	*12*	**105,655,428**	132,052,762
Amount due from an investee	*13*	**–**	2,590,000
Cash and bank balances		**35,653,786**	46,994,381
		154,967,681	184,386,983
Current liabilities			
Other payables and accruals	*14*	**519,364**	511,453
Lease liabilities		**3,129,070**	–
		3,648,434	511,453
Net current assets		**151,319,247**	183,875,530
Total assets less current liabilities		**161,431,569**	183,956,150
Non-current liabilities			
Other payables and accruals	*14*	**1,715,865**	–
Lease liabilities		**2,062,050**	–
Deferred taxation	*8(b)*	**1,061,373**	1,554,832
		4,839,288	1,554,832
Net assets		**156,592,281**	182,401,318
Capital and reserves			
Share capital		**22,794,000**	22,794,000
Reserves		**133,798,281**	159,607,318
Total equity		**156,592,281**	182,401,318
Net asset value per share	*15*	**0.07**	0.08

NOTES

For the year ended 31 December 2019

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 Room 6703, 67/F, The Center, 99 Queen's Road Central, 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 Company.

2. CHANGE IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group as discussed below. Details of the changes in accounting policies resulting from initial application of these standards, amendments and interpretations that are relevant to the Group are discussed as below.

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

The impact of the adoption of HKFRS 16 Leases has been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

a) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to sections (b) to (e) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16, if any, as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows:

	HK$
Consolidated statement of financial position as at 1 January 2019	
Right-of-use assets	292,429
Other receivables, deposits and prepayments	(13,762)
Lease liabilities (non-current)	31,445
Lease liabilities (current)	247,222

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

	HK$
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as of 31 December 2018	302,060
Less: future interest expenses	(23,393)
Total lease liabilities as of 1 January 2019	278,667

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is 5.25%.

b) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee applies the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

c) **Accounting as a lessee**

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term no more than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., 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.

d) **Transition**

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16, if any, as an adjustment to the opening balance of accumulated losses at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified as operating leases under HKAS 17 at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases, discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

3. NEW/REVISED HKFRSS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

These new standards, amendments to standards and interpretations issued but not effective are not likely to have a significant impact on the consolidated financial statements.

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 (hereinafter collectively referred to as the "HKFRS") issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets are measured at fair value.

5. REVENUE

	2019	2018
	HK$	*HK$*
Dividend income from listed equity securities	**2,169,604**	2,910,370
Dividend income from unlisted equity securities	**–**	1,666,667
	2,169,604	4,577,037

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 equity securities and the disclosure of information regarding customers would not be meaningful.

6. OTHER REVENUE

	2019	2018
	HK$	*HK$*
Other revenue		
Interest income	**164,478**	428,189
Interest income on financial assets measured at amortised cost	**–**	44,722
Sundry income	**–**	844
Exchange gain	**–**	78,059
	164,478	551,814

7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2019	2018
	HK$	*HK$*
Auditor's remuneration	**350,000**	245,000
Depreciation of property, plant and equipment	**55,203**	49,934
Depreciation of right-of-use assets	**1,973,614**	–
Impairment loss on amount due from an investee	**360,000**	–
Investment management fee paid to an investment manager	**1,501,767**	2,561,996
Staff cost (including directors' remuneration):		
– Salaries, bonuses and allowances	**2,925,219**	2,658,330
– Contribution on defined contribution mandatory provident fund scheme	**102,567**	96,850

8. INCOME TAX (CREDIT)/EXPENSE

a) The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2019	2018
	HK$	*HK$*
Deferred tax (credit)/expense	**(493,459)**	1,554,832

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the tax losses brought forward by the Company and its subsidiaries from prior years exceed the estimated assessable profits for the years ended 31 December 2019 and 31 December 2018.

b) Deferred tax liabilities recognised are analysed as follows:

	Tax losses	**Unrealised gain on financial assets at fair value through profit or loss**	**Total**
	HK$	*HK$*	*HK$*
At 1 January 2018	–	–	–
(Credit)/charge for the year	(482,382)	2,037,214	1,554,832
At 31 December 2018 and 1 January 2019	(482,382)	2,037,214	1,554,832
Credit for the year	–	(493,459)	(493,459)
At 31 December 2019	(482,382)	1,543,755	1,061,373

9. LOSSES PER SHARE

The basic losses per share is based on the Group's loss attributable to equity holders of the Company of HK$25,809,037 (2018: HK$45,200,178) and the weighted average number of 2,279,400,000 (2018: 2,279,400,000) ordinary shares in issue during the year.

The Company has no dilutive potential ordinary shares.

10. INTEREST IN AN ASSOCIATE

	2019	2018
	HK$	*HK$*
Unlisted investments, at cost	**12**	5
Share of post-acquisition profits, net of dividends received	**808,207**	808,207
	808,219	808,212
Amount due from an associate	**9,614,286**	9,614,286
	10,422,505	10,422,498
Impairment loss	**(10,422,498)**	(10,422,498)
	7	–

During the year ended 31 December 2018, the Group performed impairment review for its investment in an associate, namely Purple Link investment Limited ("Purple Link"). The sole business of Purple Link was investment in a real estate development project in Thailand amounted to approximately HK$41 million. The investment was wholly financed by shareholder loans from its shareholders. The Group holds 25% equity interest in Purple Link and had contributed approximately HK$10.4 million to the associate.

Investment agreement had been signed between Purple Link and a Thailand real estate developer back in 2013. The investment agreement set out that Purple Link would finance the construction of several property units and it would yield 30% profits once these units are completed and sold. The Thailand developer should be responsible for the construction and management of the project. Pursuant to the terms of several supplementary agreements signed between the parties, the project was expected to be completed in the year 2018 and Purple Link should receive the return in August 2018 from the Thailand developer. Unfortunately, by September 2018 there remained no return paid from the Thailand developer to Purple Link and upon subsequent site inspection in Thailand, it was found that the construction had not fully completed and remaining interior construction work had been suspended since October 2018. The Thailand developer could not provide any further concrete action plan and there was no immediate evidence to support the Thailand developer has the ability to refund the investment cost to Purple Link. The Group assessed that the investment agreement had been defaulted.

In determining whether the interest in the associate is impaired, the Group measures the differences between the carrying amount and the net present value of the estimated future cash flows generated from the Purple Link. Without the return from the investment in Thailand, Purple Link would sustain a net liabilities approximately to HK$39 million and would has no fund to repay to its shareholders. Under such scenario, the Group expected that no estimated cash inflow would be generated from operation and proceeds from the ultimate disposal of the associate in the foreseeable future. Based on the management's assessment, an impairment loss was recognized in profit or loss during the year ended 31 December 2018, to reduce the carrying amount of the associate to nil.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 *HK$*	2018 *HK$*
Non-current:		
Deposit	**1,029,194**	–
Current:		
Other receivables	**13,110,842**	2,349,812
Deposits	**80,275**	72,875
Prepayments	**467,350**	327,153
	13,658,467	2,749,840

As at 31 December 2019, included in other receivables is the amount due from an associate of HK$12,819,993. The balance is subsequently settled in March 2020 through disposal of Rainbow Ocean Investments Limited ("Rainbow Ocean"), a wholly owned subsidiary of the Group. On 26 March 2020, the Group entered into a sale and purchase agreement to dispose of its entire interest in Rainbow Ocean, representing 100% of the issued share capital of Rainbow Ocean, to an independent third party for a cash consideration of HK$13,086,000, which was completed in the same month.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 *HK$*	2018 *HK$*
Equity securities listed in Hong Kong at fair value	**91,870,588**	115,379,762
Unlisted equity securities at fair value	**13,784,840**	15,764,000
Unlisted debt securities at fair value	**–**	909,000
	13,784,840	16,673,000
	105,655,428	132,052,762

13. AMOUNT DUE FROM AN INVESTEE

The advance are unsecured, interest free and to be repayable on or before 31 December 2024.

At the end of the reporting date, the Group undertakes that it will fund the professional fees and other charges in relating to the application of the investee for listing in a stock exchange up to an additional amount of approximately HK$4,000,000.

14. OTHER PAYABLES AND ACCRUALS

As at 31 December 2019, the other payables and accruals in non-current liabilities is the provision for reinstatement of HK$1,715,865 for the office premise leased by the Group.

As at 31 December 2018, the other payables and accruals included the amount due to the investment manager for unsettled investment management fee of HK$252,638. The amount is fully settled during the year ended 31 December 2019.

15. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK$156,592,281 (2018: HK$182,401,318) and 2,279,400,000 (2018: 2,279,400,000) ordinary shares in issue as at 31 December 2019.

16. EVENTS AFTER THE REPORTING DATE

Since January 2020, the outbreak of Novel Coronavirus ("COVID-19") has dealt a big blow on the global business environment. In preparing the consolidated financial statements, the Group applies fair value to measure its financial assets at fair value though profit or loss. In 2020, fair value of the Group's financial assets at fair value through profit or loss may be subject to fluctuations due to the COVID-19 outbreak. In view of the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions arising thereof may have negative impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep monitoring to the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2019, the Group recorded loss attributable to equity holders of approximately HK$25.8 million (2018: HK$45.2 million). The loss per share was HK$0.0113 (2018: HK$0.0198). Decrease in loss in 2019 was mainly caused by an decrease in the unrealised loss on listed and unlisted securities approximately HK$19.4 million compared with 2018. In addition, there were no bank interest expenses in 2019 and 2018.

The Company has further invested approximately HK$12.8 million to an associate, Purple Link Investment Limited ("Purple Link"), for South Point project on 31 December 2019. The total amount due from Purple Link was approximately HK$22.4 million and approximately HK$9.6 million has been impaired in 2018 together with approximately HK$0.8 million share of post-acquisition profits on the associate. In 2018, the Company found that the construction had not fully completed and remaining interior construction work has been suspended since October 2018. The Thailand developer could not provide any further concrete action plan and there was no immediate evidence to support the Thailand developer has the ability to refund the investment cost to Purple Link. The Company assessed that the investment agreement had been defaulted. After the default, the Board has been discussing with management of Purple Link and was seeking for alternative plans for Purple Link to fund and complete the project. Upon further discussion with relevant parties during the year, the primary construction and design contractor has undertaken to complete the construction of South Point project within 12 months once the further construction cost of approximately THB 350 million is made available. The further construction cost is financed by the Company (THB 50 million), one existing Purple Link's shareholder (THB 50 million), one new investor (THB 100 million) and one Thailand bank (THB 150 million). According to the action plan, the South Point project will complete in December 2020 and the gross amount approximately THB 704 million was expected to be refunded to Purple Link in or before June 2021. Purple link shall then repay the shareholder loans to its shareholders with interest. As disclosed in Note 11, after the financial year end, in March 2020, upon further review by the Company of the investment prospect, the Company disposed of the investment in and shareholder's loan to Purple Link at book value to an independent third party to minimise the risk of the Company.

Hua Yu Investment Management Limited, the Company's investment Manager, has been resigned on 31 October 2019.

The stock market was fluctuating in 2019 that led to the Group's unrealized fair value loss on listed securities of approximately HK$14.74 million (2018: HK$22.37 million) and realized gain on listed securities of approximately HK$0.33 million (2018: HK$5.24 million).

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

Economic, Social and Political – Economic, Social and Political affected the stock market and caused its fluctuation, such as trade war between U.S. with China volatile, "yellow vests" demonstration in France and "Coronavirus" and "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 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.

The proceeds of approximately HK$35 million from the Placing on 28 December 2017 has changed its usage as disclosed in the announcement of the Company on 13 December 2019. The Board resolved to reallocate the sum of approximately HK$17.5 million for general working capital to meet the operating expenses in Hong Kong and the remaining sum of approximately HK$17.5 million shall be used for investment in potential projects in the People's Republic of China or relating to technology business as originally planned, and/or for such other business opportunities as may be identified by the Company as suitable. The approximately HK$35 million were not utilised as at the date of this announcement and has been kept in the Company's bank accounts.

The delay in making the investment and applying the proceeds was due to the reason that the Company has been taking a more prudent approach in studying investment opportunities and making new investment with the function of the investment manager suspended since 9 November 2018. The Company was in the course of actively reviewing the intended investment opportunities again and targeted to confirm and implement such investment opportunity. However, the Company remains prudent and conservative in making new investments given the global social and economic unrest in the year of 2019 and the deteriorating investment environment.

The Company will take a most prudent approach to study investment opportunities and expect Placing fund approximately HK$5 million that will be used in new investment in 2020. If the economic, social and political situation are bad in 2020, the expected investment plan will be delayed. Although, the Placing fund has been raising since 28 December 2017 but risk management is most important issue to consider when the new investment is made.

Prospects

Trade policy uncertainty, geopolitical tensions, and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity – especially manufacturing and trade – in the second half of 2019. Intensifying social unrest in several countries posed new challenges, as did weather-related disasters – from hurricanes in the Caribbean, to drought and bushfires in Australia, floods in eastern Africa, and drought in southern Africa.

Despite these headwinds, some indications emerged toward year-end that global growth may be bottoming out. Moreover, monetary policy easing continued into the second half of 2019 in several economies. Adding to the substantial support the easing provided earlier in 2019, its lagged effects should help global activity recover in the middle of 2020.

Economic activity in Hong Kong SAR weakened significantly in 2019 as rising trade tensions between the U.S. and China and heightened uncertainty took a toll on exports and investment while private consumption and visitor arrivals have declined due to the social unrest that started over the summer. As the cyclical downturn continues, GDP is expected to contract by 1.9 percent in 2019. Growth is projected to rise to 0.2 percent in 2020, led by private consumption, but the pace of recovery over the medium term is expected to be slower than in previous recoveries as increased trade barriers and disruptions to global supply chains would be a drag on trade-related activities.

Risks to outlook are tilted to the downside. On the external side, further escalation of trade tensions between the U.S. and China and a significant slowdown of Mainland China as well as additional barriers, including potential restrictions by the U.S. against China in technology and the financial sectors, could negatively affect growth in Hong Kong SAR. On the domestic side, a deterioration of the sociopolitical situation and delays in addressing structural challenges of insufficient housing supply and high income inequality could further weaken economic activity and negatively affect the city's competitiveness in the long term. A significant slowdown of the economy could trigger an adverse feedback loop between house prices, the real economy and the financial sector. Coronavirus event is important issue in 2020.

With so many unpredictable factors, we believe the key to success is in managing risk successfully through diversification and due diligence. In 2020, 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 securities, the Management will continue 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 2019, the total equity of the Group amounted to approximately HK$156.59 million (31 December 2018: HK$182.40 million).

As at 31 December 2019, the Group maintained a cash position, bank balances and cash amounting to approximately HK$35.65 million (31 December 2018: HK$46.99 million).

The Group's net financial asset investments of approximately HK$105.65 million as at 31 December 2019 (31 December 2018: HK$132.05 million).

Gearing Ratio

The Group's total borrowings comprising the lease liability and current other payables and accruals, amounted to approximately HK$5.71 million as at 31 December 2019 (31 December 2018: HK$0.51 million).

The Group's gearing ratio calculated on the basis of total borrowings over the shareholders' equity of the Company was approximately 3.65% as at 31 December 2019 (31 December 2018: 0.28%).

Final Dividend

The Board has resolved not to recommend any payment of final dividend for the year ended 31 December 2019 (2018: Nil).

Capital Structure

There was no change to the Group's capital structure for the year ended 31 December 2019.

Financial Commitment, Capital Commitment and Contingent Liabilities

As at 31 December 2019, the Group has financial commitment HK$4.08 million and no material capital commitment 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 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.

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 2019.

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 ("Stock Exchange") for the year ended 31 December 2019, 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 non-executive Director was unable to attend the annual general meeting of the Company held on 31 May 2019 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 2019 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 2019 have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited 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 BDO Limited 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 2019 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 my appreciation to the staff and management team of the Group for their contribution in 2019 and would like to give my sincere gratitude to the shareholders for their continual support.

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

Hong Kong, 31 March 2020

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.