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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)

**CONTINUING CONNECTED TRANSACTION
RENEWAL OF APPOINTMENT OF
HUA YU INVESTMENT MANAGEMENT LIMITED
AS INVESTMENT MANAGER**

CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that on 26 May 2017 (after trading hours of the Stock Exchange), the Company and Hua Yu entered into the Management Agreement, pursuant to which the Company agreed to appoint Hua Yu as the investment manager of the Company for a further term of three years commencing from 1 June 2017 and ending on 31 May 2020.

Hua Yu is the existing investment manager of the Company appointed by the Company under the Previous Management Agreement, the term of which will expire on 31 May 2017.

Hua Yu, as the investment manager of the Company, is a connected person of the Company pursuant to Rule 21.13 of the Listing Rules. Accordingly, the Management Agreement and the transactions contemplated thereunder constitutes continuing connected transactions of the Company under the Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules for the transactions contemplated under the Management Agreement is, on an annual basis, expected to be less than 25% and each of the annual caps is less than HK\$10,000,000, the transactions contemplated under the Management Agreement is subject to reporting and announcement requirements, but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements.

The Board is pleased to announce that on 26 May 2017 (after trading hours of the Stock Exchange), the Company and Hua Yu entered into the Management Agreement, pursuant to which the Company will continue to appoint Hua Yu as the investment manager of the Company for a further term of three years commencing from 1 June 2017 and ending on 31 May 2020. Details of the Management Agreement are set out below:

MANAGEMENT AGREEMENT

Date: 26 May 2017

Duration: 1 June 2017 to 31 May 2020, being the Management Period

Services: Hua Yu shall provide non-exclusive investment management services to the Company, including:

- (a) identify, review and evaluate investment and realisation opportunities for the Company;
- (b) make investment or realisation recommendations to the Company regarding potential investments prior to such action being consummated to be made by the Company and realisation opportunities for the Company;
- (c) execute investment and realisation decisions and instructions relating to the Company's investments as approved by the Board;
- (d) based on such information as may reasonably be available to it, monitor the performance and supervise the maintenance of investments and, in the event of major problems or indications of major problems in relation to the investments, give written notice thereof to the Board as soon as reasonably practicable after becoming aware of the same; and
- (e) keep such accounts, books and records as may be required by law or, otherwise for the proper conduct of the affairs of the Investment Manager under the Management Agreement.

Remuneration: *Management Fee:*

1.5% of the Gross NAV per annum, calculated as the arithmetical average of the published unaudited consolidated net asset value on the last day of each calendar month during each relevant year, and payable quarterly in arrears by the Company to Hua Yu

Performance Fee:

15% on the amount of audited consolidated NAV of the Company (calculated as at the end of each respective financial year) exceeding the High Watermark as at the relevant financial year, and payable annually in arrears by the Company to Hua Yu, subject to adjustments by disregarding the effects of any new issue of securities or distribution on the Gross NAV.

Actual transaction amount and historical annual caps

Actual transaction amount

The remunerations paid by the Company to Hua Yu under the Previous Management Agreement were set out below:

Period	2014	2015	2016	2017
	(1 Jun–31 Dec)	(1 Jan–31 Dec)	(1 Jan–31 Dec)	(1 Jan–31 May)
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
	<i>7 months</i>	<i>12 months</i>	<i>12 months</i>	<i>5 months</i>
Management Fee	1,013,248.00	2,269,722.00	2,376,664.00	1,300,000.00
Performance Fee	0	0	2,648,552.61	N.A.
Total	<u>1,013,248.00</u>	<u>2,269,722.00</u>	<u>5,025,216.61</u>	<u>1,300,000.00</u>

Historical annual caps

The historical annual caps of remunerations payable by the Company to Hua Yu under the Previous Management Agreement were set out below:

Period	2014 (1 Jun–31 Dec) (HK\$)	2015 (1 Jan–31 Dec) (HK\$)	2016 (1 Jan–31 Dec) (HK\$)	2017 (1 Jan–31 May) (HK\$)
Management Fee	950,000	3,200,000	4,000,000	1,800,000
Performance Fee	<u>2,100,000</u>	<u>6,800,000</u>	<u>8,400,000</u>	<u>N.A.</u>
Total	<u>3,050,000</u>	<u>10,000,000</u>	<u>12,400,000</u>	<u>1,800,000</u>

The Directors have been monitoring the remunerations payable by the Company to Hua Yu under the Previous Management Agreement for each of the financial years during the term of the Previous Management Agreement, the annual cap for each of the three years ended 31 December 2016 has not been exceeded. As at the date of this announcement, the annual cap for the Management Fee payable under the Previous Management Agreement for the period ending 31 May 2017 has not been exceeded.

Proposed annual caps

The proposed maximum annual remunerations payable by the Company to Hua Yu under the Management Agreement are as follows:

Period	2017-2018 (1 June 2017- 31 May 2018) (HK\$)	2018-2019 (1 June 2018- 31 May 2019) (HK\$)	2019-2020 (1 June 2019- 31 May 2020) (HK\$)
Management Fee	3,000,000	3,000,000	3,000,000
Performance Fee	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>

In arriving at the monthly management fee, the performance fee and the annual caps under the Management Agreement, the Directors have taken into account the following factors:

1. the historical actual amount of management fee of not more than HK\$3,000,000 and the actual amount of performance fee of not more than HK\$5,000,000 paid by the Company to the Investment Manager per year for the period from 1 June 2014 to 31 May 2017;
2. the estimated amount of Gross NAV and consolidated NAV of the Group per annum for the years during the Management Period;
3. the expected relatively stable investment performance of the Group for the years during the Management Period; and
4. a buffer for the actual amount of management fee and performance fee to be paid during the Management Period.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE MANAGEMENT AGREEMENT

In light of the expiry of the Previous Management Agreement, the Company entered into the Management Agreement with Hua Yu on 26 May 2017 to renew the appointment of Hua Yu as the investment manager of the Company for the Management Period. Pursuant to the Management Agreement, Hua Yu shall provide non-exclusive investment management services to the Company.

Hua Yu was incorporated in Hong Kong in 1998 and is a licensed corporation under the SFO authorised to carry out regulated activities of type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management). Hua Yu is principally engaged in the business of investment management and provision of corporate advisory services and has provided investment management services to the Company for more than 8 years. Hua Yu also has experience of providing investment management services to other investment companies listed on the Stock Exchange which includes China Innovation Investment Limited (stock code: 1217) and Mastermind Capital Limited (stock code: 905).

Having considered, among others, (i) the long-term and satisfactory relationship with Hua Yu; (ii) that Hua Yu is familiar with the investment objectives, policies, restrictions and operations of the Group; and (iii) the professional qualification, expertise and experience of Hua Yu in providing the relevant services, the Company is of the view that it is beneficial of the Group to continue to appoint Hua Yu as the investment manager of the Group.

The transactions contemplated under the Management Agreement is in the usual course of business of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Management Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Hua Yu, as the investment manager of the Company, is a connected person of the Company pursuant to Rule 21.13 of the Listing Rules. Accordingly, the Management Agreement and the transactions contemplated thereunder constitutes continuing connected transactions of the Company under the Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules for the transactions contemplated under the Management Agreement is, on an annual basis, expected to be less than 25% and each of the annual caps is less than HK\$10,000,000, the transactions contemplated under the Management Agreement is subject to reporting and announcement requirements, but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements. As no Director have material interest in the Management Agreement, no Directors are required to abstain from voting on the resolutions of the Board approving the Management Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	DT Capital Limited (鼎立資本有限公司), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Gross NAV”	the consolidated NAV at the relevant date, without deduction of management fees attributable to the relevant quarter
“Group”	the Company and its subsidiaries
“High Watermark”	during the Management Period, (a) if a performance fee has been paid, the audited consolidated NAV of the Company as at the end of the latest financial year in which Hua Yu was entitled to a performance fee; or (b) if no performance fee has been paid, the consolidated pro forma NAV of the Company as at the commencement date of the Management Agreement

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hua Yu” or “Investment Manager”	Hua Yu Investment Management Limited, a licensed corporation under the SFO authorised to carry out regulated activities of type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management). It is principally engaged in the business of investment management and provision of corporate finance advisory services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Agreement”	The management agreement dated 26 May 2017 and entered into between the Company and the Investment Manager for the provision of services by the Investment Manager during the Management Period
“Management Period”	the term of the Management Agreement being 1 June 2017 to 31 May 2020
“NAV”	net assets value
“Previous Management Agreement”	the management agreement entered into between the Company and the Investment Manager on 28 May 2014 for a period of 3 years from 1 June 2014, which will expire on 31 May 2017
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
DT CAPITAL LIMITED
Chan Pui Kwan
Chairman

Hong Kong, 26 May 2017

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 Mr. Ma Chun Fai as Non-executive Directors; Mr. Kwok Ming Fai, Mr. Lo Chi Ming and Mr. Jochum Siebren Haakma as Independent Non-executive Directors.