

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2020

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 2020. 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 2020

	<i>Note</i>	Six months ended 30 June 2020 (Unaudited) HK\$	Six months ended 30 June 2019 (Unaudited) HK\$
Revenue	4	148,389	171,025
Other revenue	5	227,083	106,460
Fair value loss on financial assets at fair value through profit or loss	6	(24,217,183)	(7,103,378)
Administrative and other operating expenses		(7,145,337)	(3,471,044)
Finance cost	7	(120,142)	(7,245)

	<i>Note</i>	Six months ended 30 June 2020 (Unaudited) <i>HK\$</i>	Six months ended 30 June 2019 (Unaudited) <i>HK\$</i>
Loss before taxation	<i>8</i>	(31,107,190)	(10,304,182)
Taxation	<i>9</i>	785,882	–
Loss and total comprehensive loss for the period attributable to equity holder of the Company		<u>(30,321,308)</u>	<u>(10,304,182)</u>
Loss per share	<i>10</i>	<u>(1.33) cents</u>	<u>(0.45) cents</u>
Interim dividend		<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020 (Unaudited) HK\$	31 December 2019 (Audited) HK\$
Non-current assets			
Property, plant and equipment		204,629	264,097
Right-of-use assets		4,479,696	6,589,024
Interest in an associate		–	7
Deposit		1,029,194	1,029,194
Amount due from an investee		2,120,135	2,230,000
		7,833,654	10,112,322
Current assets			
Financial assets at fair value through profit or loss	11	81,124,394	105,655,428
Prepayments, deposits and other receivables		1,166,703	13,658,467
Bank balances and cash		42,117,052	35,653,786
		124,408,149	154,967,681
Current liabilities			
Other payables and accruals		499,120	519,364
Lease liability		3,181,811	3,129,070
		3,680,931	3,648,434
Net current assets		120,727,218	151,319,247
Non-current liability			
Other payables and accruals		1,715,865	1,715,865
Lease liability		298,543	2,062,050
Deferred taxation	9	275,491	1,061,373
		2,289,899	4,839,288
Net assets		126,270,973	156,592,281
Capital and reserves			
Share capital		22,794,000	22,794,000
Reserves		103,476,973	133,798,281
Shareholders' funds		126,270,973	156,592,281

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019 except for the accounting policy changes that are expected to be reflected in the 2020 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 2019, except for the adoption of new standards effective as of 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The new and revised standards are not relevant to the preparation of the Group’s interim condensed consolidated financial information.

4. Revenue

	Six months ended 30 June 2020 (Unaudited) HK\$	Six months ended 30 June 2019 (Unaudited) HK\$
Dividend income from listed equity securities	<u>148,389</u>	<u>171,025</u>
	<u>148,389</u>	<u>171,025</u>

The principal activities of the Group are investments in securities listed on the The Stock Exchange of Hong Kong Limited 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 2020 (Unaudited) <i>HK\$</i>	Six months ended 30 June 2019 (Unaudited) <i>HK\$</i>
Other Revenue		
Interest income	42,567	106,460
HKSAR – ESS's Subsidy	184,500	–
Gain on disposed of a subsidiary	16	–
	<u>227,083</u>	<u>106,460</u>

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

	Six months ended 30 June 2020 (Unaudited) <i>HK\$</i>	Six months ended 30 June 2019 (Unaudited) <i>HK\$</i>
Fair value (loss)/gain on financial assets at fair value through profit and loss		
Realised		
– from listed shares in Hong Kong	<u>(487,797)</u>	260,919
Unrealised		
– from listed shares in Hong Kong	(22,110,846)	(7,713,097)
– from unlisted investment		
Diamond Motto Limited	664,000	(104,000)
廣州市金洋水產養殖有限公司	(2,282,540)	1,361,800
Star League Investments Limited	–	(909,000)
	<u>(23,729,386)</u>	<u>(7,364,297)</u>
	<u>(24,217,183)</u>	<u>(7,103,378)</u>

7. Finance Costs

	Six months ended 30 June 2020 (Unaudited) HK\$	Six months ended 30 June 2019 (Unaudited) HK\$
Interest on lease liabilities	<u>120,142</u>	<u>7,245</u>

8. Loss Before Taxation

	Six months ended 30 June 2020 (Unaudited) HK\$	Six months ended 30 June 2019 (Unaudited) HK\$
Loss before taxation is stated after charging the following:		
Depreciation of property, plant and equipment	31,323	24,967
Depreciation of right-of-use assets	2,109,327	135,924
Impairment loss on amount due from an investee	109,865	–
Investment management fee	–	147,637
Staff cost (including directors' remuneration)		
– Salaries, bonuses and allowances	1,714,100	1,466,534
– Contribution on defined contribution mandatory provident fund scheme	<u>53,775</u>	<u>50,067</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 2019 and 30 June 2020.

Deferred tax liabilities recognised are analysed as follows:

	Tax losses HK\$	Unrealised gain on financial assets at FVPL HK\$	Total HK\$
At 31 December 2019	<u>(482,382)</u>	<u>1,543,755</u>	<u>1,061,373</u>
At 31 December 2019 and 1 January 2020	(482,382)	1,543,755	1,061,373
Credit for the period	<u>482,382</u>	<u>(1,268,264)</u>	<u>(785,882)</u>
At 30 June 2020	<u>–</u>	<u>275,491</u>	<u>275,491</u>

10. Loss Per Share

The calculation of the loss per share for the six months ended 30 June 2020 is based on the Group's loss attributable to the equity holders of the Company of HK\$30,321,308 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 2019 is based on the Group's loss attributable to equity holders of the Company of HK\$10,304,182 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 2020 (Unaudited) HK\$	31 December 2019 (audited) HK\$
Unlisted equity securities, at fair value	12,166,300	13,784,840
Equity securities listed in Hong Kong, at fair values	68,958,094	91,870,588
	81,124,394	105,655,428

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

Name of investee	30 June 2020 (Unaudited) HK\$	31 December 2019 (audited) HK\$
Unlisted equity securities, at fair value		
Diamond Motto Limited	9,318,000	8,654,000
廣州市金洋水產養殖有限公司	2,848,300	5,130,840
	12,166,300	13,784,840

REVIEW OF REPORT

For the six months ended 30 June 2020, the Group recorded a net loss attributable to shareholders of approximately HK\$30,321,308 (2019: HK\$10,304,182) and loss per share of HK1.33 cents (2019: HK0.45 cents).

INTERIM DIVIDEND

The Board of Directors has resolved not to declare and pay any interim dividend for the period ended 30 June 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Compared with the corresponding period of the last year, the increase in net loss was mainly caused by increasing unrealized loss on financial assets at fair value through profit or loss to approximately HK\$23.73 million (2019: unrealized loss HK\$7.36 million).

There was no new investment plan since January 2020.

The stock market was fluctuating in 2020 that led to the Group's unrealized fair value loss on listed securities of approximately HK\$22.11 million (2019: loss HK\$7.71 million) and realized loss on listed securities of approximately HK\$0.5 million (2019: gain HK\$0.3 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 and “COVID-19” and “National Security Law” 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 2020. The Group had no new investment plan and disposed one project in first half 2020. 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 will take a prudent approach to study investment opportunities and expect net proceeds of approximately HK\$5 million will be used for new investment in 2020. For the remaining net proceeds, the Board estimated that approximately HK\$17.5 million thereof will be gradually used as general working capital of the Company to meet its operating expenses over the course of the year ending 31 December 2021, and the remaining of approximately HK\$12.5 million will be applied for suitable investment opportunities. The Board will closely monitor the economic and financial condition of the market and will actively look for suitable investment opportunities, with the aim to use the available fund of the Company in a more effective way. Although, the Placing fund has been raised since 28 December 2017 but risk management is the most important issue to consider when the new investment is to be made.

Prospects

While global economic performance became fluctuating since the start of 2020, we were being cautious on the impact brought by COVID-19 pandemic.

The COVID-19 pandemic is causes high and rising human costs worldwide, and the necessary disease control measures are severely impacting economic activities. As a result of the pandemic, the global economy is projected to contract sharply by -3 percent in 2020, much worse than during the 2008-09 financial crisis. In a baseline scenario – which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound – the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support.

The U.S. economy experienced a historic slowdown through April 2020 with, at one point, 95 percent of Americans under stay-at-home orders. The fiscal and monetary response, however, has been equally extraordinary. The U.S. Federal Reserve cut interest rates to zero, announced unlimited quantitative easing, and committed to buy investment grade and high yield corporate bonds. The fiscal stimulus packages include forgivable loans to small businesses and unemployment benefits equal to wage income for the median worker who loses their job.

Europe's disadvantage heading into the COVID-19 crisis was its lack of policy ammunition. The European Central Bank policy rate was already negative, there were strict rules around increasing fiscal deficits, and high-debt countries like Italy were at risk of a re-run of the 2012 debt crisis.

After being the first country to enter the COVID-19 crisis, China has emerged from the shutdown. The recovery in China has continued through the second quarter of 2020, with the services sector starting to catch up to the manufacturing sector. The Chinese government has announced further stimulus measures, including coupons to households to encourage spending, and the People's Bank of China is making monetary policy more accommodative. However, the stimulus does not match 2015/16 or the financial crisis of 2007-08, and the government appears worried about excessive debt levels. While geopolitical risks are rising, the rhetoric between the U.S. and China is at this stage unlikely to see the Phase One trade deal resolved in the short term.

In Hong Kong, the COVID-19 pandemic has continually affecting the Hong Kong investment environment in 2020.

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\$42.12 million as at 30 June 2020 (31 December 2019: HK\$35.65 million).

The Group's total borrowings comprising other payables and accruals and lease liability, amounted to approximately HK\$3.98 million as at 30 June 2020 (31 December 2019: HK\$5.71 million).

As at 30 June 2020, the Group's gearing ratio was approximately 3.15% (31 December 2019: 3.65%).

The Group had net financial asset investments of approximately in total of HK\$81.12 million as at 30 June 2020 (31 December 2019: HK\$105.66 million).

Capital structure

There has been no change to the capital structure of the Company since 1 January 2020.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2020, the Group employed a total of 6 employees (2019: 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\$1,767,875 (2019: HK\$1,516,601).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's assets and liabilities are majority denominated in Hong Kong dollars. 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 2020, 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 2020.

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, 25 August 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.