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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 2021

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 2021. 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 2021

	<i>Note</i>	Six months ended 30 June 2021 (Unaudited) HK\$	Six months ended 30 June 2020 (Unaudited) HK\$
Revenue	4	822,403	148,389
Other revenue	5	58,700	227,083
Fair value gain/(loss) on financial assets at fair value through profit or loss	6	4,573,746	(24,217,183)
Administrative and other operating expenses		(4,139,998)	(7,145,337)
Finance cost	7	(35,773)	(120,142)
Profit/(Loss) before taxation	8	1,279,078	(31,107,190)
Taxation	9	(908,790)	785,882
Profit/(Loss) and total comprehensive income/(loss) for the period attributable to equity holder of the Company		370,288	(30,321,308)
Earnings/(loss) per share	10	0.02 cents	(1.33) cents
Interim dividend		Nil	Nil

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 (Unaudited) HK\$	31 December 2020 (Audited) HK\$
	<i>Note</i>		
Current assets			
Financial assets at fair value through profit or loss	<i>11</i>	90,191,955	82,394,919
Other receivables, deposits and prepayments		2,402,625	2,638,818
Amount due from an investee		–	2,120,135
Cash and bank balances		27,746,761	33,904,598
		<u>120,341,341</u>	<u>121,058,470</u>
Current liabilities			
Other payables and accruals		2,158,314	2,391,014
Lease liability		298,543	2,062,050
		<u>2,456,857</u>	<u>4,453,064</u>
Net current assets		<u>117,884,484</u>	<u>116,605,406</u>
Non-current liability			
Deferred taxation	<i>9</i>	1,835,064	926,274
		<u>1,835,064</u>	<u>926,274</u>
Net assets		<u>116,049,420</u>	<u>115,679,132</u>
Capital and reserves			
Share capital		22,794,000	22,794,000
Reserves		93,255,420	92,885,132
Shareholders' funds		<u>116,049,420</u>	<u>115,679,132</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020 except for the accounting policy changes that are expected to be reflected in the 2021 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 2020, except for the adoption of new standards effective as of 1 January 2021.

Amendments to HKFRS 16

Amendments to HKAS 39, HKFRS 4, HKFRS 7,
HKFRS 9 and HKAS 16

COVID-19-Related Rent Concessions

Interest Rate Benchmark Reform – Phase 2

None of these amended standard has a impact on the Group’s resents and financial position for the current or prior period. The Group has not early applied any new or amended standards that is not yet effective for the current accounting period.

4. REVENUE

	Six months ended 30 June 2021 (Unaudited) HK\$	Six months ended 30 June 2020 (Unaudited) HK\$
Dividend income from listed equity securities	<u>822,403</u>	<u>148,389</u>
	<u>822,403</u>	<u>148,389</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 2021 (Unaudited) HK\$	Six months ended 30 June 2020 (Unaudited) HK\$
Other Revenue		
Interest income	58,700	42,567
HKSAR – ESS's Subsidy	–	184,500
Gain on disposed of a subsidiary	–	16
	<u>58,700</u>	<u>227,083</u>

6. FAIR VALUE GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June 2021 (Unaudited) HK\$	Six months ended 30 June 2020 (Unaudited) HK\$
Fair value gain/(loss) on financial assets at fair value through profit and loss		
Realised		
– from listed shares in Hong Kong	<u>1,849,211</u>	<u>(487,797)</u>
Unrealised		
– from listed shares in Hong Kong	3,127,726	(22,110,846)
– from unlisted investment		
Diamond Motto Limited	–	664,000
廣州市金洋水產養殖有限公司	(403,191)	(2,282,540)
Star League Investments Limited	–	–
	<u>2,724,535</u>	<u>(23,729,386)</u>
	<u>4,573,746</u>	<u>(24,217,183)</u>

7. FINANCE COSTS

	Six months ended 30 June 2021 (Unaudited) HK\$	Six months ended 30 June 2020 (Unaudited) HK\$
Interest on lease liabilities	<u>35,773</u>	<u>120,142</u>

8. PROFIT/(LOSS) BEFORE TAXATION

	Six months ended 30 June 2021 (Unaudited) HK\$	Six months ended 30 June 2020 (Unaudited) HK\$
Profit/(Loss) before taxation is stated after charging the following:		
Depreciation of property, plant and equipment	–	31,323
Depreciation of right-of-use assets	–	2,109,328
Impairment loss on amount due from an investee	–	109,865
Staff cost (including directors' remuneration)		
– Salaries, bonuses and allowances	1,592,600	1,714,100
– Contribution on defined contribution mandatory provident fund scheme	43,500	53,775
	<u>43,500</u>	<u>53,775</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 2020 and 30 June 2021.

Deferred tax liabilities recognised are analysed as follows:

	Unrealised gain on financial assets at FVPL HK\$
At 31 December 2020	<u>926,274</u>
At 31 December 2020 and 1 January 2021	926,274
Charge for the period	<u>908,790</u>
At 30 June 2021	<u>1,835,064</u>

10. EARNINGS/(LOSS) PER SHARE

The calculation of the earnings per share for the six months ended 30 June 2021 is based on the Group's profit attributable to the equity holders of the Company of HK\$370,288 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 2020 is based on the Group's loss attributable to 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 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 2021 (Unaudited) HK\$	31 December 2020 (Audited) HK\$
Equity securities listed in Hong Kong at fair value excluding		
Suspended Equity Securities	86,731,770	76,766,565
Suspended Equity Securities	2,041,923	2,303,703
	<hr/>	<hr/>
	88,773,693	79,070,268
Unlisted equity securities, at fair value	1,418,262	3,324,651
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	90,191,955	82,394,919
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a) Detail of Financial Assets at Fair Value Through Profit or Loss

Name of investee	30 June 2021 (Unaudited) HK\$	31 December 2020 (Audited) HK\$
Unlisted equity securities, at fair value		
Diamond Motto Limited	–	1,503,198
廣州市金洋水產養殖有限公司	1,418,262	1,821,453
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	1,418,262	3,324,651
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REVIEW OF REPORT

For the six months ended 30 June 2021, the Group recorded a net profit attributable to shareholders of approximately HK\$370,288 (2020: loss HK\$30,321,308) and earnings per share of HK0.02 cents (2020: loss HK1.33 cents).

INTERIM DIVIDEND

The Board of Directors has resolved not to declare and pay any interim dividend for the period ended 30 June 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Compared with the corresponding period of the last year, the profit was mainly caused by increasing unrealized gain on financial assets at fair value through profit or loss to approximately HK\$2.72 million (2020: unrealized loss HK\$23.73 million).

There was no new investment plan since January 2021.

The stock market was fluctuating in the first half of 2021 that led to the Group's unrealized fair value gain on listed securities of approximately HK\$3.13 million (2020: loss HK\$22.11 million) and realized gain on listed securities of approximately HK\$1.85 million (2020: loss HK\$0.49 million).

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

Economic and Social – Economic and Social factors affected the stock market and caused its fluctuation, such as trade war between U.S. with China volatile and “COVID-19” pandemic around the globe.

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 2021. The Group had no new investment plan and disposed of one project in the first half of 2021. 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 with an aim 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 and approximately HK\$17.5 million has been used in 2020 and 2021. The remaining sum of approximately HK\$17.5 million shall be used for investment in potential projects in 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\$17.5 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 2021 and the deteriorating investment environment.

The Company will adopt a prudent approach to identify and assess investment opportunities, and expect that the net proceeds of approximately HK\$5 million will be used for new investment in 2021. 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.

PROSPECTS

Global prospects remain highly uncertain one year into the pandemic. New virus mutations and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. It depends not just on the outcome of the battle between the virus and vaccines—it also hinges on how effectively economic policies deployed under high uncertainty can limit lasting damage from this unprecedented crisis. While global economic performance became fluctuating since the start of 2020, we were being cautious on the impact brought by COVID-19 pandemic.

China has implemented strict measures to keep the outbreak under control, and the effectiveness of vaccination in curbing the spread of COVID-19 variants remain uncertain. Nevertheless, the economic performance during the first half of 2021 was more promising compared with that of 2020, and it is expected that growth in 2021 will be stronger and the economy will gradually recover. Investment and exports will remain robust as infrastructure projects restart and foreign demand recovers.

In U.S, the vaccination campaign has progressed more rapidly than expected. About half of the population has received at least one dose of a COVID-19 vaccine. Greater control of the virus has allowed containment measures to be further relaxed. Although there were rebounds of infections by COVID-19 variants, the economic recovery has started to pick up. Indicators of consumption activity have risen, with strong household income growth and a gradual relaxation of containment measures boosting spending.

In Hong Kong, the COVID-19 pandemic and uncertainty brought by the trade disputes between China and the U.S. have continually affecting the Hong Kong investment environment in 2021.

With the above in mind, we will adopt a prudent approach to identify and assess investment opportunities while 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\$27.75 million as at 30 June 2021 (31 December 2020: HK\$33.9 million).

The Group's total borrowings comprising other payables and accruals and lease liability, amounted to approximately HK\$0.74 million as at 30 June 2021 (31 December 2020: HK\$2.74 million).

As at 30 June 2021, the Group's gearing ratio was approximately 0.64% (31 December 2020: 2.37%).

The Group had net financial asset investments of approximately in total of HK\$90.19 million as at 30 June 2021 (31 December 2020: HK\$82.39 million).

Capital structure

There has been no change to the capital structure of the Company since 1 January 2021.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed a total of 6 employees (2020: 6) including the Directors and senior management 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\$1,636,100 (2020: HK\$1,767,875).

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 2021, 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 2021.

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, 27 August 2021

As at the date of this announcement, the Board comprises Mr. Su Chunxiang, 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.