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True Partner
Capital Holding

TRUE PARTNER CAPITAL HOLDING LIMITED

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 8657)

ANNOUNCEMENT ON INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**” or individually a “**Director**”) of True Partner Capital Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

Corporate Overview

- **Established in 2010, by a team of former market makers, True Partner Capital Holding is a specialised hedge fund manager**
- **Focused on volatility trading in liquid markets**, principally in equity index futures, options and ETFs
- Diversified **global investor base** across our products
- **Stable and experienced management:** key personnel have worked together for almost a decade
- Specialised segment of asset management with a **history of growth**
- 3-T Model – Combination of **advanced technology** with **experienced team** covering **specialised trading strategies**
- **Global coverage** to enable **trading around the clock**, with offices in Asia, the US and Europe
- The Company benefits from **proprietary technology** that shapes its trading approach and includes a range of modules and tools
- Potential **growth opportunities** in adjacent market segments leveraging **scalable investment platform**

RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together as the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”) together with the unaudited comparative figures of the corresponding period in 2021 as set out below:

Selected financial highlights

	1H2022 <i>(HK\$'000)</i>	1H2021 <i>(HK\$'000)</i>	% Change
Total Revenue	24,996	29,274	(15)
Revenue from fund management business	24,564	28,893	(15)
Revenue from consultancy services	432	381	13
Gross profit	22,841	25,990	(12)
Operating loss ^{<i>Note 1</i>}	(13,090)	(8,101)	(62)
Loss for the period	(14,060)	(11,096)	(27)
Loss attributable to owners of the Company	(14,188)	(11,261)	(26)
Total comprehensive loss	(11,953)	(11,214)	(7)
Loss per share (HK cents)			
– Basic and diluted ^{<i>Note 2</i>}	(3.55)	(2.82)	(26)

Notes:

1. Operating loss represents loss before income tax adding back fair value (loss)/gain on financial assets at fair value through profit or loss, finance costs, share of results of associates and gain on dilution of interest in an associate.
2. The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the Company of HK\$14,188,000 (2021: HK\$11,261,000), and the weighted average number of ordinary shares of 400,000,000 shares in issue during the period. Diluted loss per share for the period ended 30 June 2022 and 2021 is the same as the basic loss per share as the effect of the conversion of the Company’s share options would result in an antidilutive effect on the loss per share.

Financial highlights

- After a risk-on environment in 2021, the first half of 2022 saw declines in equity markets. Markets were impacted by inter-linked concerns over inflation, interest rates, the Russia-Ukraine conflict and economic growth, which arrived in a context of historically high asset valuations.
- The MSCI World Total Return Hedged to US Dollars (“**MSCI World**”) finished the Reporting Period with a loss of -18.0%, giving back most of its +24.4% gain in 2021. The MSCI World had a negative return in both Q1 -4.5% and in Q2 -14.1%. However, the MSCI World has still returned +16.5% cumulatively since the end of 2019 and remains up over +50% over the 5 years to 30 June 2022.
- The Bloomberg Global Government Bond Index Hedged to US Dollars was down -7.7% for the Reporting Period. Like equities, government bonds had a negative return in both Q1 -4.2% and in Q2 -3.6%. While for equities the drawdown in the first half of 2022 was giving back less than last year’s return, for government bonds the drawdown in the first half of 2022 gave back all the returns of the index since the end of Q1 2019.
- The reaction from equity index volatility to the equity drawdown was somewhat subdued, particularly relative to moves seen in asset classes such as fixed income and commodities. The subdued reaction from equity index volatility in the first half of 2022 was strongly contrasting to the experience during the last notable equity drawdown in Q1 2020, when we saw a significant rise in equity index volatility.
- In general, negative quarters for equities have been associated with positive environments for our strategies. For example, looking at the ten negative quarters for the MSCI World since the inception of the True Partner Fund, the Group’s longest running product, the True Partner Fund has had an average quarterly return of +6.6% in these negative quarters as compared to an average quarterly loss of -8.3% for the MSCI World in these periods. Such opportunities have been driven by the response of options markets to equity declines, with market moves typically leading to attractive volatility opportunities for our strategies. We did not see this kind of response from options markets in the first half of 2022, with limited shifts despite the overall equity declines. This led to relatively few alpha opportunities.
- Prior to the first half of 2022, the last time equities had a notably negative period was Q1 2020, when the MSCI World was down -19.8%, an over 30% decline from its peak on 19 February 2020 to its trough on 23 March 2020. This was a strongly positive environment for our strategies, with the True Partner Fund returning +13.3% in Q1 2020. The first half of 2022 has been unusual. Despite the losses in equity markets, we have seen a gradual decline in indices and a limited reaction from equity index volatility.

- One striking feature of the market environment during the first half of 2022 is that despite losses in the MSCI World and other major indices such as the S&P 500, it was not necessarily a good period for strategies that seek long protection on equity indices. To illustrate, this one can compare the returns of the CBOE S&P 500 5% Put Protection Index¹ (the “**Put Protection Index**”) with the returns of the S&P 500 Total Return Index (“**S&P 500 TR**”). US equities are the largest component of the MSCI World index. The Put Protection Index is a simulated strategy that holds a long position in the S&P 500 and also systematically buys 5% out of the money put options on the S&P 500 according to a set schedule. The relative returns of the Put Protection Index and the S&P 500 TR can thus serve as an illustration of the relative costs and benefits of holding downside protection on US equities.
- In the first half of 2022 the Put Protection Index was down -19.9%, while the S&P 500 TR was down -20.0%. Thus, the Put Protection Index had essentially the same performance as the S&P 500 TR. In other words, holding options positions designed to provide protection against equity declines did not have a material impact on returns. Another CBOE strategy index, the VIX Tail Hedge Index¹, which seeks to simulate a strategy combining the S&P 500 TR with options on the VIX index, a measure of implied volatility on the S&P 500, underperformed the S&P 500 TR by over 4% during the first half of 2022, finishing down -24.1%. Our strategies are absolute return and alpha focused and as such have material differences to both the Put Protection Index and the VIX Tail Hedge Index. However, we believe such examples can help to illustrate the unusual environment in the first quarter and the lack of movement in implied volatility.
- Popular measures of at the money implied volatility rose over the first half of 2022. The VIX index rose from 17.2 to 20.6 in Q1, then from 20.6 to 28.7 in Q2. A similar measure for the Euro Stoxx 50, the VSTOXX Index, rose from 19.3 to 29.0 in Q1, then from 29.0 to 29.8 in Q2. The equivalent measure in the Japanese Nikkei rose from 19.2 to 22.0 in Q1 and from 22.0 to 23.4 in Q2. The equivalent measure in the Korean Kospi 200 index rose from 16.5 to 17.1 in Q1 and from 17.1 to 23.9 in Q2. These measures provide a snapshot of implied volatility at different points in time but are not directly tradable. More importantly, these indices are based on baskets of options whose composition can change significantly over time. Consequently, the index values can change by simply referencing different options, without any change in the implied volatilities of the underlying options themselves.²

¹ Indices are references for illustrative purposes only and no opinions are expressed or representations made regarding the composition of the indices. Sources: Bloomberg, True Partner.

² The metrics used are the VIX for the US, VSTOXX for the Euro Stoxx 50, the Nikkei Stock Average Volatility Index and the Kospi 200 Volatility Index.

- Another way of illustrating changes in implied volatility that we believe is helpful, is to look at the implied volatility of individual options over time. For example, one can observe the implied volatility of an option that ended June 2022 close to ‘at-the-money’ (“ATM”), i.e. which had a strike price similar to the level of the S&P 500 index at the end of June 2022 and also has a relatively nearby expiry. We chose an ATM option with a relatively nearby expiry as this part of the market tends to have particularly high liquidity. Looking at the 19 August 2022 expiry S&P 500 put with a strike price of 3800, the implied volatility of this specific option declined from 29.0 at the end of 2021 to 25.3 at the end of June 2022. Thus, over a period that the S&P 500 TR declined by 20.0%, the implied volatility of this option declined by almost 4 percentage points.
- Another way of looking at tradable options values is to look at derivatives of volatility indices. Of the various indices cited above, the VIX has the most liquid derivatives market, via VIX futures and options. While the VIX index rose over the first quarter, VIX derivatives painted a mixed picture. During Q1, VIX April 2022 expiry futures declined from 24.7 to 23.5 while VIX July 2022 expiry futures had little change, moving from 26.2 to 26.1. VIX April 2022 expiry futures expired in April 2022, so we focus on VIX July 2022 expiries in Q2. In Q2, VIX July 2022 expiry futures rose from 26.1 to 28.6, a somewhat more modest rise than seen in the VIX index.
- This backdrop made for a more challenging quarter for our index volatility trading as supposed from the headline equity index returns and news flow over the first six months of 2022. The Group’s trading strategies are predominantly relative value in nature, but historically have seen their best performance in periods of falling equity markets and rising volatility. The subdued reaction in equity index volatility during the equity drawdown in the first half of 2022 resulted in relatively few opportunities, particularly in Q1 2022. As a result, the first half of 2022 was overall somewhat challenging for our relative value volatility trading strategy, with losses in Q1 2022 partially offset by a small gain in Q2 2022.³

³ This material is not in any way intended to solicit investment in our fund products or managed accounts. Our fund products and managed accounts are only available to appropriately qualified investors and are not marketed in certain jurisdictions. The performance of certain fund products the Group regards as relevant to shareholders is disclosed to the Exchange on a voluntary basis monthly. Performance of certain fund products is also reported to Bloomberg and certain databases of hedge fund performance.

- As we have highlighted in both positive and negative periods of performance, investment performance in any given short period can fluctuate around the long-term average based on the prevailing market opportunities. Investors of the Group’s products typically focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 to 30 June 2022, the True Partner Fund, the Group’s longest running fund product has outperformed each of the CBOE Eurekahedge Relative Value Volatility, Long Volatility and Short Volatility Hedge Fund indices in both absolute terms and in alpha terms.⁴ Over the same inception to date period, considering the whole period from July 2011 through 30 June 2022, our longest running fund product has also outperformed the Eurekahedge Asset Weighted Hedge Fund Index, a broad index of hedge fund performance, in both absolute terms and in alpha terms.

- The Group’s assets under management were relatively stable during the Reporting Period, rising modestly. Assets under management were also higher relative to the comparable period in 2021. Assets under management were US\$1,717 million as of 30 June 2022 as compared to US\$1,568 million as of 30 June 2021 and US\$1,675 million as of 31 December 2021. Growth in assets under management over the first half of 2022 was driven by positive net inflows, partially offset by the effects of negative investment performance. Similarly, the growth in assets under management over the period from 30 June 2021 to 30 June 2022 was driven by positive net inflows, partially offset by the effects of negative investment performance.

⁴ The Group considers these indices to be relevant benchmarks of peer performance as they are comprised of hedge funds trading different types of volatility strategies. However, index data is provided for illustrative purposes only and no representations are made regarding any indices referenced in this announcement. The Group accepts no liability for any misuse of this data by third parties.

- Revenues for the Reporting Period were HK\$25.0 million. This compares to revenues of HK\$29.3 million for the six months ended 30 June 2021. The decrease in revenue was primarily caused by a shift in product mix over the period. Revenue per unit of assets under management can vary as a result of a number of factors. Individual fund products and managed accounts⁵ can have different fee structures due to differences in the nature and sizes of the mandates and other factors. When comparing the Reporting Period to the six months ended 30 June 2021, the assets under management in managed accounts increased relative to the assets under management in fund products. Net inflows were positive into managed accounts and negative in fund products, resulting in an overall net increase in assets under management. Inflows were also driven by larger clients. Overall, the effects of these changes were that on average our investors became more focused on performance fees and less focused on management fees. The combination of these factors led to a decrease in the average revenue per unit of assets under management for the Reporting period as compared to the six months ended 30 June 2021.
- General and administrative expenses were HK\$35.9 million in the first half of 2022, as compared to HK\$34.1 million in the first half of 2021. The increase in expenses was primarily due to an increase in staff cost as the overall number of personnel was higher in 2022 as compared to 2021. Other drivers of increased expense included data expenses and administrative expenses as the Group has been working on the expansion of its operations in Europe and Asia in line with the use of proceeds outlined in the prospectus of the Company dated 30 September 2020 (the “**Prospectus**”).
- The Group’s loss before income tax was a loss of HK\$13.9 million in the first half of 2021, as compared to a loss of HK\$9.7 million in the comparable period in 2021. Loss attributable to owners of the company was HK\$14.2 million in the first half of 2022 (after tax), as compared to a loss of HK\$11.3 million in the comparable period of 2021.

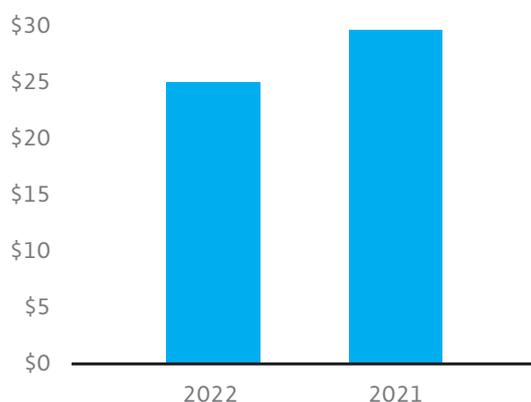
⁵ The Group manages or advises on both fund products and other investment mandates. For the purposes of this announcement, fund products launched by the Group or co-branded with the Group where a subsidiary of the Group is the investment manager or sub-investment manager are grouped under “fund vehicles”; other mandates are grouped under “managed accounts”.

- During the first half of 2022, the Group has continued to actively use technology to enhance its marketing efforts. Over this period the team has actively engaged with investors and prospects through regular webinars, on an one-on-one basis and through engagements via third parties. The Group also arranged for senior personnel of the Group to participate in leading industry conferences that have taken place in the second quarter of 2022, which provided opportunities for in person interaction with investors and prospects. The Group also continued to engage with investors and prospects via newsletters and more in-depth pieces.
- During the first half of 2022, the Group has also been working on the expansion of its operations in Europe and Asia in line with the Use of Proceeds outlined in Prospectus. This include working through the process of obtaining an investment firm license from the Authority Financial Market (“**AFM**”) in the Netherlands. The license was granted on 24 March 2022. As part of the expansion, the Group continued to expand its technology and marketing teams.
- In addition, on 15 February 2022, the Group completed the acquisition of 49% of True Partner Advisor Hong Kong Limited (“**TPAHK**”). After the acquisition, the Group obtained full ownership of TPAHK. The Board is of the opinion that full ownership allows the Group to further utilise this licensed asset management company in expanding current investment mandates and potentially obtaining additional investment mandates and as such enhance the return to the Shareholders of the Company.

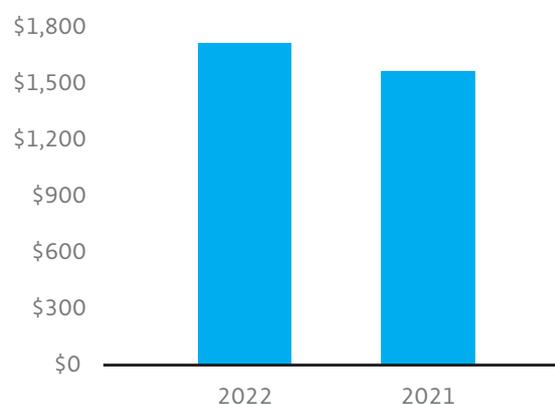
Selected financial highlights

(In HK\$ millions as of 30 June 2022 unless stated, with comparison to 30 June 2021)

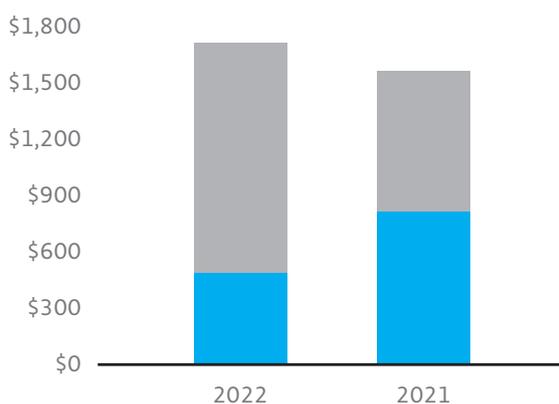
Revenues



Assets under management (“AUM”) (US\$ millions)⁶

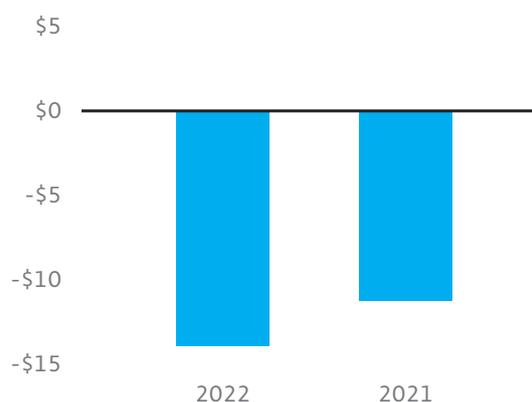


Breakdown of AUM by Product Type (US\$ millions)⁴



■ Fund Products ■ Managed Accounts

Loss attributable to owners of the company



⁶ The Group manages or advises on both fund products and other investment mandates. For the purposes of this announcement, commingled fund products launched by the Group or co-branded with the Group where a subsidiary of the Group is the investment manager or sub-investment manager are grouped under “fund vehicles”; other mandates are grouped under “managed accounts”. As of 30 June 2022, the Group’s managed accounts deploy the Group’s relative value trading strategy either on a standalone basis or in combination with customised trading strategies.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a Hong Kong and US based fund management group with a focus on volatility trading in liquid markets. The Company and its subsidiaries (together as the “**Group**”) manages funds and managed accounts on a discretionary basis using a global volatility relative value trading strategy and other volatility strategies developed by the Group. These principally involve the active trading of liquid exchange listed derivatives (including equity index options, large cap single stock options, as well as futures, exchange traded funds and equities) across major markets (including the US, Europe and Asia) and different time zones. Our trading decisions are supported by our in-house proprietary trading platform (embedded with option pricing and volatility surface models) designed for our specific way of trading which enables real-time pricing of implied volatilities, quantitative comparisons, risk management as well as speedy execution of trades. Our team’s collective expertise and specialised knowledge in options and volatility trading is the foundation of our proprietary trading technology.

Our firm AUM is US\$1,717 million as of 30 June 2022 and we currently manage or advise on both fund products and managed accounts.³ Our longest running fund product was launched in July 2011 and was later restructured into a master-feeder structure to facilitate investments from US taxable investors. In 2016 we launched a further fund, which is similarly structured, but with a trading strategy which has a long volatility bias. Together with International Asset Management (“**IAM**”), we made our strategy available in UCITS format in June 2019, with the launch of a co-branded fund product for which a subsidiary of the Group is the sub-investment manager and IAM is the investment manager. IAM was founded in 1989 and is one of the oldest independent asset management firms specializing in hedge funds and alternative UCITS investments. Assets under management relating to these fund products are grouped together as “fund vehicles” above and below. In addition to funds launched by us or co-branded with us, we also enter into investment management mandates with third parties who allocate a sub-fund of their umbrella fund or a portion of their assets to be managed by us. While such arrangements may have different underlying structures in accordance with client preferences, for simplicity we group assets under management relating to these mandates under “managed accounts” above and below.

As of 30 June 2022, our AUM comprised of US\$492 million in commingled fund products (including funds where the Group is a sub-investment manager) and US\$1,225 million in managed accounts or similar arrangements, including fund-of-one structures. The investors in funds managed or advised by us are mainly professional investors, including collective investment undertakings, family offices, pension funds, endowments/foundations, financial institutions and high net worth individuals. As of 30 June 2022, our AUM included mandates deploying our relative value strategy and other volatility strategies developed by the Group.

Market environment

The first half of 2022 saw a decline in most equity markets but a limited reaction from equity index implied volatilities. Focusing on the MSCI World Total Return Index Hedged to US Dollars (“**MSCI World**”), the market had a mostly gradual decline during January, then recovered a little into month-end, finishing down -4.9%. In February the market had a further decline, falling -2.6%. In March, equities initially fell, then rallied, finishing the month up +3.1%. This left the MSCI World down -4.5% for the first quarter of 2022. During the second quarter, equities resumed their slide, with steady drops for most markets during April. The decline continued into early May, but then gave way to a rally that left most markets up for the month. In June the slide resumed again, but equities recovered into month-end. This left the MSCI World down -14.1% for the second quarter of 2022. Overall, the periods of losses for equities were generally gradual, and the worst single day for the MSCI World was a loss of -3.3%. By comparison, during March 2020, the MSCI World saw two days on which the index fell more than -9%. Realised volatility for the MSCI World was approximately 20% in the first half of 2022, as compared to almost 60% over February and March 2020.

Despite the overall falls in markets, correlations between markets were somewhat low on a week-to-week and month-to-month basis, perhaps contributing to the lack of a major volatility event over the first half. For example, while US markets suffered most of their losses in January, UK and Hong Kong markets were up in January. In February, European markets suffered their biggest losses, while UK, Korean and Australian markets were all positive. In March, when US markets had a strong rally, Hong Kong’s markets finished down, while European markets also saw small losses. In April, UK markets finished up for the month while most other markets were down. In May, almost all markets were positive, but mid-month saw some markets notably down while others were almost unaffected. In June, correlations across markets were low, with the Hang Seng and HSCEI finishing positive for the month, while most other indices were down. This low correlation was also visible in quarterly returns. During the first quarter, most markets were down, but the UK’s FTSE 100 Total Return finished up almost +3%. In the second quarter, most markets were down, but the HSCEI Total Return was up almost +4% and the Hang Seng Total Return up +0.9%.

The two major topics of concern for markets over the first quarter were the central bank's response to persistent high inflation and the Russia-Ukraine conflict. The former led to a notable rise in government bond yields over the quarter, which also led to higher implied volatility in fixed income markets. Equity markets saw significant rotations under the hood (e.g. the underperformance of growth vs value stocks, which was reminiscent of the turn in the equity market in early 2000) but less drama at the index level. For the latter, the risk of the Russia-Ukraine conflict was steadily priced into equity index implied volatility markets as the situation evolved prior to the full-scale conflict, limiting the response of volatility markets following the conflict itself. The conflict was unusual in as it was so publicly anticipated by US intelligence agencies, which made trading prior to the conflict more of a macro call. While we made small profits from our European equity volatility positions in February 2022, these were quantitatively driven positions and we do not seek to make macro calls on the market.

During the second quarter, with inflation persisting at high levels, we saw similar concerns for markets, along with more focus on the potential for a recession induced at least in part by the tightening of monetary policy. As in the first quarter, we saw a significant rise in bond yields, with the US 10 year Treasury yield rising from 2.34% to 3.01%, after a rise from 1.51% to 2.34% in the first quarter, thus doubling yields over the first six months of 2022. Similar moves were seen in 5 year bond yields, while 2 year yields had a slower pace of rise in the second quarter than in the first quarter, rising from 2.34% to 2.95%, after a rise from 0.73% to 2.34% in the first quarter.

Europe also saw a rise in yields, with German 2 year government bond yields rising out of negative territory for the first time since 2014, hitting a high of over 1.2% before falling back. Over the second quarter as a whole German 2 year yields rose from -0.08% to 0.63%, after a rise from -0.64% to -0.08% in the first quarter. German 10 year yields rose from 0.55% to 1.33% over the second quarter, after a rise from -0.18% to 0.55% during the first quarter. Supported by strong policy commitments from the Bank of Japan, Japanese government bond yields saw much less change, with 10 year yields roughly unchanged in the second quarter, moving from 0.21% to 0.23%, after a rise from 0.07% to 0.21% in the first quarter. The widening interest rate differentials also helped drive significant movement in exchange rates, with the Japanese yen notably weakening over the second quarter in particular.

The moves in bond yields left the Bloomberg Global Government Bond Index Hedged to US Dollars with a notable loss of -7.7% over the first half of 2022 and negative returns in both the first quarter -4.2% and the second quarter -3.6%. As noted above, while the drawdown for equities in the first half of 2022 was giving back less than the return of the previous calendar year, for the drawdown for government bonds in the first half of 2022 gave back all the returns of the index since the end of Q1 2019. We will discuss the potential impact of bond market shifts in more depth in the outlook section below.

However, despite the losses in equity markets the first half of the year saw a surprisingly muted reaction from implied volatility and relatively subdued realised volatility relative to the overall equity declines. It was also not necessarily a good period for strategies that seek long protection on equity indices. To illustrate this one can compare the returns of the CBOE S&P 500 5% Put Protection Index (the “**Put Protection Index**”) with the returns of the S&P 500 Total Return Index (“**S&P 500 TR**”). US equities are by some way the largest component of the MSCI World index. The Put Protection Index is a simulated strategy that holds a long position in the S&P 500 and also systematically buys 5% out of the money put options on the S&P 500 according to a set schedule. The relative returns of the Put Protection Index and the S&P 500 TR thus can serve as an illustration of the relative costs and benefits of holding downside protection on US equities.

In the first half of 2022 the Put Protection Index was down -19.9%, while the S&P 500 TR was down -20.0%, i.e. the Put Protection Index had approximately the same return as the S&P 500 TR. Said another way, despite the fall in the S&P 500 over the first half of 2022, having protection was of almost no benefit. Strategy indices that sell similar put options generally showed a positive return during the first half of the year.⁷

That is relatively unusual historically. In fact, our analysis of returns of the Put Protection Index and the S&P 500 TR since 1990 observed that in six month periods when the S&P 500 TR is down by -10% or more (using overlapping data points), on average the Put Protection Index outperforms the S&P 500 TR by 7.8%. We did see a similar period in 2001. On that occasion, as the equity drawdown continued into 2002, we saw protective strategies fare better, including outperformance from the Put Protection Index relative to the S&P 500 TR. As noted above, we also saw underperformance from the VIX Tail Hedge Index relative to the S&P 500 TR in the first half of 2022, further illustrating the challenging nature of the period for protective equity strategies. Our strategies are predominantly absolute return and alpha focused and as such have material differences to both the Put Protection Index and the VIX Tail Hedge Index, but we believe such examples can help to illustrate the unusual nature of the environment in the first quarter and the lack of movement in implied volatility.

⁷ For example, the JP Morgan 95% Strike Fortnightly Put Writing Total US Index. Provided for illustrative purposes only. No opinions are expressed or representations made regarding any indices referenced in this announcement and the Group accepts no liability for any misuse of this data by third parties.

Popular measures of at-the-money implied volatility rose modestly over the first half of 2022. The VIX index rose from 17.2 to 20.6 in Q1 then from 20.6 to 28.7 in Q2. A similar measure for the Euro Stoxx 50, the VSTOXX Index, rose from 19.3 to 29.0 in Q1, then from 29.0 to 29.8 in Q2. The equivalent measure in the Japanese Nikkei rose from 19.2 to 22.0 in Q1 and from 22.0 to 23.4 in Q2. The equivalent measure in the Korean Kospi 200 index rose from 16.5 to 17.1 in Q1 and from 17.1 to 23.9 in Q2. These measures provide a snapshot of implied volatility at different points in time but are not directly tradable.⁸

Of these various indices, the VIX has the most liquid derivatives market, via VIX futures and options. While the VIX index rose over the first quarter, VIX derivatives painted a more mixed picture. During Q1 VIX April 2022 expiry futures declined from 24.7 to 23.5 while VIX July 2022 expiry futures were little changed, moving from 26.2 to 26.1. VIX April 2022 expiry futures expired in April 2022, so we focus on VIX July 2022 expiries over Q2. In Q2, VIX July 2022 expiry futures rose from 26.1 to 28.6, a somewhat more modest rise than seen in the VIX index.

Another, more precise way of illustrating changes in implied volatility is to look at the implied volatility of individual options over time. For example, one can observe the implied volatility of an option that ended June 2022 close to ‘at-the-money’ (“ATM”), i.e. which had a strike price similar to the level of the S&P 500 index at the end of June 2022 and also has a relatively nearby expiry. We chose an ATM option with a relatively nearby expiry as this part of the market tends to have high liquidity. Looking at the 19 August 2022 expiry S&P 500 put with a strike price of 3800, the implied volatility of this specific option declined from 29.0 at the end of 2021 to 25.3 at the end of June 2022. Thus, over a period that the S&P 500 TR declined by 20.0%, the implied volatility of this option declined by almost 4 percentage points.

This backdrop made for a more challenging quarter for our index volatility trading than might be supposed from the headline equity index returns and news flow over the six months ending 30 June 2022. The Group’s trading strategies are predominantly relative value in nature, but historically have seen their best performance in periods of falling equity markets and rising volatility. The subdued reaction in equity index volatility during the equity drawdown in the first half of 2022 resulted in relatively few opportunities. As a result the first half of 2022 was overall somewhat challenging for our relative value volatility trading strategy, with losses in Q1 2022 partially offset by a small gain in Q2 2022.³

⁸ The metrics used are the VIX for the US, VSTOXX for the Euro Stoxx 50, the Nikkei Stock Average Volatility Index and the Kospi 200 Volatility Index. Provided for illustrative purposes only. No opinions are expressed or representations made regarding any indices referenced in this announcement and the Group accepts no liability for any misuse of this data by third parties.

Investment performance

The first half of 2022 was challenging for our strategies, with the True Partner Fund,³ our longest running strategy, down -2.42% net of fees and expenses. The True Partner Fund had a loss of -2.56% in the first quarter followed by a gain of +0.15% in the second quarter. The True Partner Fund experienced small losses in January, small gains in February and then a loss of -2.44% in March. The March loss accounted for the large majority of the loss over the first quarter and more than all the loss in the first half as a whole. In the second quarter, the True Partner Fund had small losses in April and May that were more than offset by gains in June, leaving the Fund up for the second quarter overall.

The True Partner Fund has historically had its strongest performance during periods in which equities have declined and implied volatility has risen. While equities declined over the first half of the year, changes in equity index implied volatility were more muted as discussed above, particularly when considering same strike volatilities (i.e. the changes in the implied volatilities of specific options), resulting in limited relative value opportunities. While the return in the first half was disappointing, the True Partner Fund has also seen difficult periods in the past, and we remain confident in our investment approach.

Investment performance in any given short time period can fluctuate around the long-term average based on the prevailing market opportunities. Investors in the Group's products typically focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 through 30 June 2022, the True Partner Fund, the Group's longest running fund product, has outperformed each of the CBOE Eurekahedge Relative Value Volatility, Long Volatility and Short Volatility Hedge Fund indices in both absolute terms and in alpha terms. The Group considers these indices to be relevant benchmarks of peer performance as they comprise of hedge funds trading different types of volatility strategies. Over the same inception to date period, considering the whole period from July 2011 through 30 June 2022, our longest running fund product has also outperformed the Eurekahedge Asset Weighted Hedge Fund Index, a broad index of hedge fund performance, in both absolute terms and in alpha terms.

Financial performance

The Group's primary source of revenues is its fund management business. Fund management revenues derive from both management fees and from performance fees. Revenues for the Reporting Period were HK\$25 million. This compares to revenues of HK\$29.3 million for the six months ended 30 June 2021. The decrease in revenue was primarily caused by a shift in product mix over the period. Revenue per unit of assets under management can vary as a result of a number of factors. Individual fund products and managed accounts can have different fee structures due to differences in the nature and sizes of the mandates and other factors. When comparing the period for Reporting Period to the six months ended 30 June 2021, the assets under management in managed accounts increased relative to the assets under management in fund products. Net inflows were positive into managed accounts and negative in fund products, resulting in an overall net increase in assets under management. Inflows were also driven by larger clients. Overall, the effects of these changes were that on average our investors became more focused on performance fees and less focused on management fees. The combination of these factors led to a small decrease in the average revenue per unit of assets under management for the Reporting Period as compared to the six months ended 30 June 2021. The changes in product mix had an offsetting effect on the increase in assets under management, leading to the overall result that management fee revenues for the Reporting Period were lower than management fee revenues for the six months ended 30 June 2021.

General and administrative expenses were HK\$35.9 million in the first half of 2022, as compared to HK\$34.1 million in the first half of 2021. The increase in expenses was primarily due to an increase in staff cost since the overall number of personnel was higher in the first half of 2022 as compared to the first half of 2021. Other drivers of increased expense included data expenses and administrative expenses as the Group has been working on the expansion of its operations in Europe and Asia in line with the use of proceeds outlined in the Prospectus.

The Group's loss before income tax was a loss of HK\$13.9 million in the first half of 2022, as compared to a loss of HK\$9.7 million in the comparable period in 2021. Loss attributable to owners of the company was HK\$14.2 million in the first half of 2022 (after tax), as compared to a loss of HK\$11.3 million in the comparable period of 2021. The Group's total comprehensive income attributable to owners of the company was a loss of HK\$12.1 million in the first half of 2022 as compared to a loss of HK\$11.4 million in the comparable period of 2021.

Assets Under Management

The Group reports its assets under management in US dollar.⁹ US dollar is the base currency of most of the Group's fund vehicles and managed accounts. The Group had \$1,717 million in assets under management as of 30 June 2022. This compares to \$1,568 million in assets under management as of 30 June 2021, representing an increase of \$149 million or 9.5%. Assets under management were relatively higher over the second quarter, with a small increase relative to the end of 2021 from \$1,675 million as of 31 December 2021 to \$1,717 million as of 30 June 2022. The increase relative to the end of the first half of 2021 and 31 December 2021 was driven by positive net inflows, partially offset by the effects of negative investment performance.

As of 30 June 2022, the Group had \$492 million in assets under management in fund vehicles and \$1,225 million in managed accounts. This compares to \$817 million in assets under management in fund vehicles and \$751 million in managed accounts as of 30 June 2021.

Business Development Activities

The Group has successfully adapted to the challenging conditions created by Covid-19, expanding its provision of digital content and making use of technology to engage with investors globally despite restrictions on in person interactions and travel.

During the first half of 2022, the team has actively engaged with investors and prospects through webinars, conferences and on a one-on-one basis. This included holding webinars for the True Partner Fund, participating in invitation-only industry conferences and various one-on-one meetings. These provided an opportunity to discuss the Fund's performance in 2021 and 2022 year-to-date and the team's perspective on the market outlook. Working in conjunction with IAM, with whom the Group has a partnership for the UCITS fund product for which we are sub-investment manager, we also held webinars for UCITS investors. The Group also continued to engage with investors and prospects via newsletters, ad hoc research pieces and other interactions. We have also been actively engaged with our capital introduction partners over the period.

⁹ Figures for assets under management may include figures based on estimated net asset values for fund vehicles or managed accounts managed or advised by the Group.

Amid a challenging environment for traditional due diligence processes, which typically involve in person, onsite activity and an environment where investors have had a lot of areas on which to focus, we are pleased with the way the Group has adapted to remain highly engaged with investors and prospects. With restrictions on travel also easing in Europe over the first half of the year, senior personnel were able to participate at leading in-person conferences during the second quarter of 2022. These included the London Volatility Investing Event in April 2022 in the UK, the Morgan Stanley Annual European Hedge Fund Forum in May 2022 in Spain and the Eurex Derivatives Forum in May 2022 in Germany. The team also travelled to meet with clients and prospects in other countries. These events and trips provided us with opportunities to see existing investors and prospects across multiple locations. However, while the Group has continued to actively use technology to continue its marketing efforts, potential investors who showed interest, were unable to conduct face-to-face onsite due diligence in Hong Kong, as they would be required to do as part of their investment process, given restrictive quarantine requirements imposed by the Hong Kong government throughout all of 2021 and up to the current date. As this is continuing in the second quarter, it is becoming a more of an issue given both the US and Europe, where most of the potential investors are based have opened up, hence increasing the expectation to be able to conduct onsite visits like before.

During the first half of 2022, the Group has also been working on the expansion of its operations in Europe and Asia. This included working through the process of obtaining an investment firm license from the AFM in the Netherlands. The license was granted on 24 March 2022. This is an important step forward for the Group's structure and further strengthens our ability to efficiently execute trading strategies around the clock and to further develop our asset management offerings for European investors.

Technology Developments

Our technology team remains focused on maintaining and incrementally improving the key elements of our core proprietary systems, including the Typhoon Trader, our front-end trading system, Observatory, our real-time risk management system, Quant, our data warehouse and quantitative library, Solunar, our back-office system, and Nitro, which integrates our different modules into a centralised platform. During the first half of 2022, we have focused on further improving the stability, redundancy, and security of both our infrastructure and our proprietary technology. The team has also been working on other technology and quantitative research initiatives intended to further enhance our investment capabilities.

Market Outlook

Our investment approach is quantitatively driven with a disciplined process that does not rely on macro forecasts. However, the overall environment is nevertheless an important backdrop. We provide some brief observations on the current macro environment and potential implications for investors' approaches to portfolios below.

As we have argued in previous reports, we continue to believe that one important focus for many investors over the coming quarters will be the search for diversifying assets. As disclosed in the last quarterly report, we spend some time on the shifts in fixed income markets as we believe a shift in investor sentiment towards bonds has the potential both to increase investor demand for alternative diversifiers such as some volatility funds and to be a catalyst for more volatility in equity markets.

In the Group's annual report for 2020 we observed that over the period of 1980 to 2020, many investors have become accustomed to a negative correlation between equities and bonds during periods of equity sell-offs. We highlighted that the negative correlation between equities and bonds had been less reliable during the equity drawdown seen during the first half of 2020, with periods where equities and bonds had suffered losses at the same time. Most notably, this occurred from 10th to 18th March 2020, when an ETF investing in long-term US Treasuries fell -15.7% while the S&P 500 fell -12.7%.¹⁰

In the Group's 2021 annual report, we noted other examples of this shift. Focusing on the US, while there were also periods where equities had been negatively correlated to bonds, in each of late January, late February/early March, mid-May and late September 2021 equities and bonds sold off together.¹¹ We highlighted that in a long-term context this was less unusual, recalling that in the 1970s equity and bond prices often fell together.

The losses experienced by government bonds in both the first quarter and the second quarter of 2022 were a further reminder that government bonds are not always negatively correlated with equity markets. The Bloomberg Global Government Aggregate Total Return Index Hedged to US Dollars was down -4.2% in the first quarter and -3.6% in the second quarter and had a negative return in every single month during the first half of 2022, including a -2.1% return in April and a -1.1% return in June, the two worst months for the MSCI World. Looking at US government bond markets specifically, the Bloomberg US Long Treasury Total Return Index was down -21.3% in the first half of 2022, and also had losses in every single month over the period.¹² Bonds have often been historically used by investors as a diversifying asset that would be expected to gain during periods of significant losses for equities. As a result, we believe the behaviour of bonds over 2020 to 2022, and in particular during 2022, may lead to a reassessment of bonds by some investors.

¹⁰ Comparing the S&P 500 to the TLT ETF = iShares 20+ Year Treasury Bond ETF.

¹¹ Comparing the S&P 500 to the TLT ETF = iShares 20+ Year Treasury Bond ETF. Periods noted are 26-29 January 2021, 16 February to 4 March 2021, 10-12 May 2021 and 23-30 September 2021.

¹² Provided for illustrative purposes only. No opinions are expressed or representations made regarding any indices referenced in this announcement and the Group accepts no liability for any misuse of this data by third parties.

Many commentators, including several sophisticated central bank economists and policy makers had initially expected inflation to be transitory. At that time, we had been noting in our outlook conversations that it could be a more persistent phenomenon. During the first quarter, we noted that it had become broadly accepted that inflation was more persistent and that a tightening of financial conditions, principally through shifts in monetary policy such as increases in interest rates and reductions in asset purchases, would be required to reduce inflationary pressures. During the first half of 2022 overall, we saw a meaningful change in rhetoric from the US Federal Reserve and several other central banks, and a significant repricing of interest rate expectations in 2022 and 2023.

One illustration of the shift in expectations is available from the FOMC ‘dot plot’, the economic projections submitted by the Federal Reserve Board Members and Federal Reserve Bank presidents and published on a set schedule by the US Federal Reserve. The projections released following the December 2021 FOMC meeting showed a median projection for the midpoint of the target range for the Federal Funds Rate of 0.9% at the end of 2022 and 1.6% at the end of 2023. By the time of the March 2022 meeting, for which data was released on 17 March 2022, these projections had increased to 1.9% and 2.8% respectively. At the June FOMC meeting, for which data was released on 15 June 2022, these projections increased further, to 3.4% for end December 2022 and 3.8% for end December 2023.¹³

The change in view is exemplified by articles such as that published in mid-March by Minneapolis Federal Reserve President Neel Kashkari. Kashkari, a highly respected figure with experience in the private sector, in government and in central banking, had previously argued that inflation would be transitory. In his thoughtful piece he explained that:

“When inflation accelerated last year, I argued that it was likely due to transitory factors which would soon pass. That hasn’t happened. This essay lays out the basic arguments I made then, the data that has come since, what I got wrong, and the potential implications for monetary policy.”¹⁴

Following the June FOMC meeting, markets have increasingly begun to price in easing of policy in 2023, predicting a peak in rates in the first half of 2023 and cuts in the second half of 2023. Real bond yields, as reflected in inflation-linked bonds, also remain relatively low by historical standards, particularly in Europe where for example German 10 year inflation-linked bonds had a yield of -0.69% at the end of June 2022. Negative real yields have been common during the period of ultra-low interest rates and quantitative easing, but in a return to a more ‘normal’ policy environment we could see a significant shift higher from current levels.

¹³ Source: Federal Reserve

¹⁴ <https://www.minneapolisfed.org/article/2022/update-on-inflation-and-monetary-policy>, published 18 March 2022.

We believe there remains significant potential for investors to be surprised by the persistence of inflation and the responses of central banks and consumers. Terminal rates in upcoming hiking cycles may need to be meaningfully higher than priced, and hikes could tip economies into recessions. We believe there is strong potential for inflation, monetary policy and bond dynamics to meaningfully impact equity markets going forward, creating volatility that we believe could lead to attractive relative value opportunities.

Shifting focus, the ongoing Russia-Ukraine conflict is having a tragic human cost that continues to unfold even as it does not dominate the global headlines in the same way as a few months ago. From an economic perspective, the conflict is also likely to further compound inflation problems, as the conflict and policy response is resulting in significant impact on certain commodity markets, particularly energy costs in Europe. We believe these are now having second round effects on other products through increased input costs and in wage negotiations. Such effects appear likely to persist, even as base effects shift over time and potentially reduce headline inflation numbers. The conflict is of course also clearly a source of unpredictable geopolitical risk which could create sudden volatility in financial markets.

As we have noted before, with government bonds typically being utilised as the “safer” portion of many traditional portfolios, the recent behaviour of bond yields and path ahead raises challenges for asset allocation. Higher bond yields can also make equities look less attractive on a relative basis, particularly stocks whose valuations are most dependent on growth many years from now, as we have seen this year. This had already impacted equity market valuations this year and could continue to do so. Rising cost pressures may also impact corporate margins and thus profitability.

The worst outcome could be a ‘stagflation’ type scenario, where inflation proves persistent even if growth slows to low levels. This could be negative for both equities and bonds. Such a scenario may produce volatile market conditions that could provide opportunities for certain volatility strategies.

As noted briefly above, the rise in bond yields also increases the discount rate applied to projected earnings many years away, which may impact high growth stocks with low current profitability, but which command hefty valuation multiples based on expectations of strong profits in many years’ time. When the discount rate increases, future profits become less valuable today, and this can lead to changes in perceptions of value. We saw evidence of this in the first half, with the Nasdaq underperforming the S&P 500 and growth stocks underperforming value stocks, in a move that was somewhat reminiscent of the turn in the equity markets in 2000. These remain potentially meaningful risk factors for some parts of the equity markets.

Despite all these macro concerns, as of late July 2022 30-day at-the-money equity index implied volatilities across the key markets traded by the Group were generally around long-term averages and below average in some markets. Realised volatility, taking a measure over the previous 20 days, was also around long-term averages in most of these markets.¹⁵ Some cross-asset metrics also suggest to us that equity index volatility may have so far under-reacted relative to other asset classes. For example, our analysis suggests that the VIX Index, which measures implied volatility in US equity markets, is at an unusually low level relative to its typical relationship with the MOVE Index, which is a weighted average measure of implied volatility in US Treasury markets. We also see a similar ‘under-reaction’ of equity index volatility when we look at relationships between equity index volatility and credit spreads.¹⁶ While the recently subdued nature of realised volatility in equity indices is a partially explanatory variable for this spread, it also suggests to us that if a surprise occurs, equity index volatility, both realised and implied, could move significantly higher, ‘catching up’ to other asset classes.

Overall, we believe there is significant potential for equity index volatility to see much more interesting behaviour over the next 12 months than it has seen over the last 12 months. This leaves us optimistic on the outlook.

Of course, timing markets is difficult, and unusual valuations and market behaviour can sometimes persist for longer than one expects. Our investment approach is absolute return, and we aim to profit in a range of market environments. Nevertheless, we believe that the current environment represents an opportunity for investors to consider their portfolio construction approach and long-term asset allocation. Alternative diversifiers including hedge funds and strategies such as volatility trading could be beneficiaries of this. Our relative value volatility strategy has historically generated positive long-term absolute returns with a negative correlation to equity markets. Additional strategies we have developed for customised solutions are also expected to have opportunities in environments of strongly negative equity returns, which could make them attractive diversifiers for existing and potential clients. Over the first half of 2022 we have seen increasing interest in such discussions. Should we see a shift away from bonds and towards alternative diversifiers such as hedge funds and customised mandates, our products could be well placed to benefit from increased investor demand for this kind of exposure.

¹⁵ Sources: True Partner, Bloomberg. Averages are based on 2006 to 2022 data.

¹⁶ Sources: True Partner, Bloomberg

USE OF PROCEEDS FROM THE LISTING

The shares of the Company (the “**Shares**”) were listed on GEM on 16 October 2020 (the “**Listing Date**”) by way of placing and public offer (the “**Share Offer**”). The Share Offer of 100,000,000 new ordinary shares at HK\$1.40 each raised net proceeds of approximately HK\$104 million (after deduction of underwriting fees and listing expenses). Details of the Share Offer are set out in the Prospectus and in the Company’s announcement on 15 October 2020.

The net proceeds from the Share Offer received by the Company were approximately HK\$104 million (after deduction of underwriting fees and listing expenses). The Company intends to apply the net proceeds in the manner as stated in the Prospectus of the Company. During the period from the Listing Date to 30 June 2022, the net proceeds had been utilised as follows:

Item/Currency	Actual net proceeds from the Listing <i>HK\$’000</i>	Actual amount Utilised up to 30 June 2022 <i>HK\$’000</i>	Balance as at 30 June 2022 <i>HK\$’000</i>	Expected timeline for utilizing the remaining unused net proceeds <i>(Note)</i>
Expansion of our operations:				
in Hong Kong	26,403	1,287	25,116	By 30 June 2023
in Amsterdam, Netherlands	20,610	7,367	13,243	By 30 June 2023
in London, United Kingdom	10,711	832	9,879	By 30 June 2023
in Chicago, US	8,216	–	8,216	By 30 June 2023
Expansion through investment firm license from the AFM	5,403	1,637	3,766	By 30 June 2023
Enhancement of our IT systems	22,302	6,747	15,555	By 30 June 2023
Sales and marketing	2,745	2,745	–	By 30 June 2023
Investing in funds managed by the Group	7,610	–	7,610	By 30 June 2023
Total	104,000	20,615	83,385	

Note: From the Listing Date to 30 June 2022, the Group utilised approximately HK\$20,615,000 of net proceeds, which was lower than the planned use of proceeds of HK\$56,217,000.

For the expansion in Hong Kong, Amsterdam, London and Chicago, 10 new personnel responsible for compliance, risk management, accounting, trading, and IT were hired. The Group has taken active steps to bolster the size of our team and interviewed more than 40 candidates who would be deployed for investor relations, portfolio management, compliance, IT and market research respectively as planned in the Prospectus, however, due to the qualification of candidates and the impact of COVID-19, the hiring progress was delayed. The increase in our headcount is still a part of the Group's business expansion.

For the expansion through the application for an investment firm license from the AFM, the progress follows the original plan disclosed in the Prospectus. The Group has filed the AFM license on 16 July 2021 and utilised the planned proceeds in obtaining professional services to support this process. The license application and screening fees has been charged after filing the AFM application. The AFM license was granted on 24 March 2022.

For the enhancement of our IT system and the sales and marketing efforts are on the schedule. Please refer to the "Business development activities" and "Technology developments" sections of Management discussion and analysis ("MD&A") for the improvements and achievement the Group has made. Since the impact of COVID-19 and the continued social distance policy, the actual utilised amount is less than the planned amount in the Prospectus.

For the sales and marketing activities, the planned use of proceeds has been fully utilised as at 31 December 2021. During the COVID-19 pandemic, more efforts were carried out across the Group's global offices to attract potential investors as mentioned in the "Business development activities" section of MD&A.

For the Investing in funds managed by the Group, the investment projects remain underway and are set to be launched as more favourable market sentiment emerges.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumptions of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry, and will be subject to change based on current and future development of market conditions. The Board considers that the development direction of the Group remains unchanged. However, due to prolonged travelling and quarantine restrictions on travellers administered by the Hong Kong Government due to COVID-19 that affected onboarding of new overseas investors, the Board will continue closely monitor the situation and evaluate the impacts on the timeline to utilise the unutilised proceeds and will keep shareholders and potential investor informed if there are any material changes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2022

		Six months ended 30 June		Three months ended 30 June	
	<i>Note</i>	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Revenue	4	24,996	29,274	10,950	14,479
Other income		16	1	5	–
Direct costs		(2,155)	(3,284)	(783)	(1,625)
Fair value (loss)/gain on financial assets at fair value through profit or loss		(427)	(1,574)	26	(488)
General and administrative expenses		(35,947)	(34,092)	(17,566)	(18,366)
Finance costs		(84)	(45)	(61)	(23)
Gain on dilution of interest in an associate		–	90	–	–
Share of results of associates		(301)	(117)	(95)	(41)
		(13,902)	(9,747)	(7,524)	(6,064)
Loss before income tax	5				
Income tax expense	6	(158)	(1,349)	(44)	(657)
		(14,060)	(11,096)	(7,568)	(6,721)
Loss for the period					
Other comprehensive income/(loss)					
Item that will be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(802)	(118)	(693)	4
Item that will not be reclassified to profit or loss:					
Fair value gain on financial assets designated at fair value through other comprehensive income		2,909	–	–	–
		2,107	(118)	(693)	4
Other comprehensive income/(loss)					
Total comprehensive loss for the period		(11,953)	(11,214)	(8,261)	(6,717)

	<i>Note</i>	Six months ended 30 June		Three months ended 30 June	
		2022	2021	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to:					
Owners of the Company		(14,188)	(11,261)	(7,568)	(6,797)
Non-controlling interest		128	165	-	76
		<u>(14,060)</u>	<u>(11,096)</u>	<u>(7,568)</u>	<u>(6,721)</u>
Total comprehensive loss for the period attributable to:					
Owners of the Company		(12,081)	(11,379)	(8,261)	(6,793)
Non-controlling interest		128	165	-	76
		<u>(11,953)</u>	<u>(11,214)</u>	<u>(8,261)</u>	<u>(6,717)</u>
Loss per share (HK cents)					
– Basic and diluted	8	<u>(3.55)</u>	<u>(2.82)</u>	<u>(1.89)</u>	<u>(1.70)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Plant and equipment	9	3,670	3,270
Right-of-use assets		3,765	822
Intangible assets		699	843
Investments in associates		2,936	3,215
Financial assets at fair value through profit or loss	10	17,249	17,676
Financial assets at fair value through other comprehensive income		–	3,707
		28,319	29,533
Current assets			
Financial assets at fair value through profit or loss	10	8,000	8,000
Accounts receivable	11	5,712	8,783
Other receivables	12	5,184	6,168
Deposits placed with a broker		195	156
Tax recoverable		2,819	3,528
Cash and cash equivalents		139,079	160,571
		160,989	187,206
Current liabilities			
Accruals and other payables	13	5,170	9,806
Financial liabilities at fair value through profit or loss		2	2
Lease liabilities		1,433	810
Tax payable		90	641
		6,695	11,259
Net current assets		154,294	175,947

	<i>Note</i>	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Total assets less current liabilities		182,613	205,480
Non-current liability			
Lease liabilities		<u>2,378</u>	<u>64</u>
Net assets		<u>180,235</u>	<u>205,416</u>
Capital and reserves			
Share capital	<i>14</i>	<u>157,074</u>	157,074
Reserves		<u>23,161</u>	<u>42,544</u>
		180,235	199,618
Non-controlling interests		<u>–</u>	<u>5,798</u>
Total equity		<u>180,235</u>	<u>205,416</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Reserves										
	Share capital	Share premium	Group reorganisation reserve	Exchange reserve	Fair value reserve	Capital reserve	Share option reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(Notes (i)) HK\$'000	(Notes (ii)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2021 (audited)	4,000	153,074	1,145	11	(3,173)	7,234	486	68,661	231,438	5,265	236,703
Loss for the period	-	-	-	-	-	-	-	(11,261)	(11,261)	165	(11,096)
Other comprehensive loss	-	-	-	(118)	-	-	-	-	(118)	-	(118)
Total comprehensive loss for the period	-	-	-	(118)	-	-	-	(11,261)	(11,379)	165	(11,214)
Recognition of equity-settled share-based payment expense	-	-	-	-	-	-	1,161	-	1,161	-	1,161
Dividends recognised as distribution	-	-	-	-	-	-	-	(8,000)	(8,000)	-	(8,000)
At 30.6.2021 (unaudited)	<u>4,000</u>	<u>153,074</u>	<u>1,145</u>	<u>(107)</u>	<u>(3,173)</u>	<u>7,234</u>	<u>1,647</u>	<u>49,400</u>	<u>213,220</u>	<u>5,430</u>	<u>218,650</u>
At 1.1.2022 (audited)	4,000	153,074	1,145	(662)	(2,293)	7,234	2,479	34,641	199,618	5,798	205,416
Loss for the period	-	-	-	-	-	-	-	(14,188)	(14,188)	128	(14,060)
Other comprehensive income	-	-	-	(802)	2,909	-	-	-	2,107	-	2,107
Total comprehensive loss for the period	-	-	-	(802)	2,909	-	-	(14,188)	(12,081)	128	(11,953)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(8,327)	-	-	(8,327)	(5,926)	(14,253)
Transfer of gain on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(616)	-	-	616	-	-	-
Recognition of equity-settled share-based payment expense	-	-	-	-	-	-	1,025	-	1,025	-	1,025
At 30.6.2022 (unaudited)	<u>4,000</u>	<u>153,074</u>	<u>1,145</u>	<u>(1,464)</u>	<u>-</u>	<u>(1,093)</u>	<u>3,504</u>	<u>21,069</u>	<u>180,235</u>	<u>-</u>	<u>180,235</u>

Notes:

- (i) Fair value reserve represents the cumulative net change in the fair value of financial assets at fair value through other comprehensive income.
- (ii) Capital reserve represents equity transaction between the Group and the non-controlling interests in prior years.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before income tax	(13,902)	(9,747)
Adjustments for:		
Fair value loss arising from financial instruments at fair value through profit or loss	427	1,574
Amortisation of intangible assets	144	21
Depreciation of plant and equipment	768	625
Depreciation of right-of-use assets	886	913
Dividend income	(6)	–
Interest income	(1)	(1)
Interest expense	84	45
Share of results of associates	301	117
Gain on dilution of interest in an associate	–	(90)
Equity-settled share-based payment expense	1,025	1,161
	<hr/>	<hr/>
Operating loss before working capital changes	(10,274)	(5,382)
Changes in working capital:		
Accounts receivables	3,071	27,283
Other receivables	984	7,501
Deposits placed with a broker	(39)	7
Accruals and other payables	(4,636)	(19,416)
	<hr/>	<hr/>
Cash (used in)/generated from operations	(10,894)	9,993
Interest received	1	1
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(10,893)	9,994
	<hr/>	<hr/>
Cash flows from investing activities		
Purchases of plant and equipment	(1,172)	(1,660)
Purchases of software	–	(119)
Acquisition of additional interest in a subsidiary	(14,253)	–
Proceeds from disposal of financial assets at fair value through other comprehensive income	6,616	–
Dividend received	6	–
	<hr/>	<hr/>
Net cash used in investing activities	(8,803)	(1,779)
	<hr/>	<hr/>

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Principal element of lease rentals payment	(956)	(962)
Interest element of lease rentals payment	(57)	(45)
Dividend paid	–	(8,000)
Interest paid	(27)	–
	<u> </u>	<u> </u>
Net cash used in financing activities	(1,040)	(9,007)
	<u> </u>	<u> </u>
Net decrease in cash and cash equivalents	(20,736)	(792)
Cash and cash equivalents at beginning of the period	160,571	188,589
Effect of foreign exchange rate changes	(756)	(125)
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the period	139,079	187,672
	<u> </u>	<u> </u>
Analysis of the balance of cash and cash equivalents		
Cash at bank	139,079	187,672
	<u> </u>	<u> </u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is located at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in fund management business and providing consultancy services.

The shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited on 16 October 2020.

2. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 has been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with those of the annual report for the year ended 31 December 2021.

The accounting policies adopted in preparing the condensed consolidated financial statements are consistent with those applied in the consolidated financial statements of the Group for the year ended 31 December 2021, except for the adoption of new standards and interpretations effective as of 1 January 2022. The adoption of the new standards and amendments does not have a material impact on the accounting policies of the Group, and the amounts reported for the current interim period and prior interim periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

It should be noted that accounting estimates and assumptions are used in the preparation of the quarterly financial information. Although these estimates are based on the management’s best knowledge and judgement to current events and actions, actual results may ultimately differ from those estimates.

The condensed consolidated financial statements for the six months ended 30 June 2022 have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee.

3. Segment information

(a) Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations in Hong Kong. In order to maximise trading opportunities in different stock markets around the world, the Group also has trading offices in Chicago.

Geographical information of revenue for the six and three months ended 30 June 2022 and 2021, is as follows:

	Six months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong	20,717	20,206	9,203	10,163
Chicago	4,279	9,068	1,747	4,316
	<u>24,996</u>	<u>29,274</u>	<u>10,950</u>	<u>14,479</u>

(b) Information about major customers

For the six and three months ended 30 June 2022 and 2021, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows:

	Six months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	9,556	13,638	4,106	6,745
Customer B	7,592	NA ⁽¹⁾	3,796	NA ⁽¹⁾
Customer C	4,279	9,068	1,747	4,316
Customer D	NA ⁽¹⁾	3,976	NA ⁽¹⁾	1,920

⁽¹⁾ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. Revenue

An analysis of the Group's revenue and other income is as follows:

Revenue

	Six months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from funds and managed accounts				
Management fee income	24,558	28,893	10,512	14,098
Performance fee income	6	–	6	–
	<u>24,564</u>	<u>28,893</u>	<u>10,518</u>	<u>14,098</u>
Revenue from consultancy services	432	381	432	381
	<u>432</u>	<u>381</u>	<u>432</u>	<u>381</u>
	<u><u>24,996</u></u>	<u><u>29,274</u></u>	<u><u>10,950</u></u>	<u><u>14,479</u></u>

Timing of revenue recognition:

	Six months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At a point of time	432	381	432	381
Over time	24,564	28,893	10,518	14,098
	<u>24,564</u>	<u>28,893</u>	<u>10,518</u>	<u>14,098</u>
	<u><u>24,996</u></u>	<u><u>29,274</u></u>	<u><u>10,950</u></u>	<u><u>14,479</u></u>

5. Loss before income tax

	Six months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss before income tax				
is arrived at after charging:				
Amortisation of intangible assets	144	21	64	14
Auditor's remuneration	768	615	381	308
Depreciation of plant and equipment	768	625	269	354
Depreciation of right-of-use assets	886	913	404	491
Short-term lease expenses	379	268	221	114
Employee benefits (including directors' remuneration)				
– Salaries and other benefits	19,726	17,904	10,024	9,157
– Equity-settled share-based payment expense	1,025	1,161	512	580
– Pension scheme contributions	773	801	332	336
	21,524	19,866	10,868	10,073
Exchange loss	601	202	536	97
Interest expense on lease liabilities	57	45	50	23
	<u>57</u>	<u>45</u>	<u>50</u>	<u>23</u>

Note:

For the six months ended 30 June 2022, the offered government grants from Employment Support Scheme under the Anti-epidemic Fund of HKSAR Government amounted to HK\$104,000 (six months ended 30 June 2021: Nil) have been offset against staff salaries.

6. Income tax expense

Income tax expense for the period represents:

	Six months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax - Hong Kong				
Provision for the period	158	1,349	44	657
Current tax - United States				
Provision for the period	—	—	—	—
	<u>158</u>	<u>1,349</u>	<u>44</u>	<u>657</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the group entities are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

For the group entities that are domiciled and operate in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising in or derived from Hong Kong for both years, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

For the group entities that are domiciled and operate in the United States, they are subject to corporate income tax in the United States. The applicable federal income tax rate is 21% on taxable income and the applicable state income tax rate is 9.5% on state taxable income. No tax provision has been made on these group entities as there is no estimated taxable profits.

For the group entities that are domiciled and operate in the Netherlands, they are subject to corporate tax rate of 15% on taxable profits up to EUR245,000. The corporate income tax rate is 25% on taxable profits exceed EUR245,000. No tax provision has been made on these group entities as there is no estimated taxable profits.

For the group entity that is domiciled and operates in Singapore, it is subject to corporate tax rate of 17% on taxable profits. No tax provision has been made on this group entity as there is no estimated taxable profits.

During the six months ended 30 June 2022, no share of tax attributable to associates (six months ended 30 June 2021: Nil) was included in the share of results of associates.

7. Dividend

The Board does not recommend the payment of any dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

8. Loss per share

The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 400,000,000 (six months ended 30 June 2021: 400,000,000) shares in issue during the period.

The calculation of the basic and diluted loss per share is based on the following data:

	Six months ended 30 June		Three months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss				
Loss for the period attributable to the owners of the Company	<u>(14,188)</u>	<u>(11,261)</u>	<u>(7,568)</u>	<u>(6,797)</u>
	Six months ended 30 June	Three months ended 30 June		
	2022	2021	2022	2021
Number of shares				
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	400,000,000	400,000,000	400,000,000	400,000,000
Effect of dilution - weighted average number of ordinary shares:				
Share options - Note	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>400,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>

Note:

Diluted loss per share for the six and three months ended 30 June 2022 is the same as the basic loss per share as the effect of the conversion of the Company's share options would result in an antidilutive effect on the loss per share (2021: diluted loss per share for the six months and three months ended 30 June 2021 is the same as the basic loss per share as the effect of the conversion of the Company's share options would result in an antidilutive effect on the loss per share).

9. Plant and equipment

During the six months ended 30 June 2022, the Group acquired computer and office equipment at HK\$1,172,000 (six months ended 30 June 2021: HK\$1,554,000) and no furniture and fixtures was acquired (six months ended 30 June 2021: HK\$106,000).

10. Financial assets at fair value through profit or loss

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Non-current assets		
At fair value:		
Investment in an unlisted investment fund – <i>Note 10(a)</i>	<u>17,249</u>	<u>17,676</u>
Current assets		
At fair value:		
Investment in an unlisted money market fund	<u>8,000</u>	<u>8,000</u>

Note:

- (a) The investment fund, True Partner Fund, is managed by True Partner Advisor Limited, a subsidiary of the Company.

11. Accounts receivable

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Consultancy service fee receivable	432	573
Management fee receivable	5,274	8,210
Performance fee receivable	<u>6</u>	<u>–</u>
	<u>5,712</u>	<u>8,783</u>

Notes:

(a) The aging analysis of accounts receivable, based on the transaction date, is as follows:

	As at 30 June 2022 <i>(Unaudited)</i> HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Less than 30 days	5,712	8,783
31 - 60 days	-	-
61 - 90 days	-	-
Over 90 days but less than 1 year	-	-
	<u>5,712</u>	<u>8,783</u>

(b) The aging analysis of accounts receivable, based on the due date, is as follows:

	As at 30 June 2022 <i>(Unaudited)</i> HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Not past due	5,712	8,210
1 - 30 days	-	573
31 - 60 days	-	-
Over 90 days but less than 1 year	-	-
	<u>5,712</u>	<u>8,783</u>

12. Other receivables

	As at 30 June 2022 <i>(Unaudited)</i> HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Deposits	948	1,247
Other receivables	1,648	1,708
Prepayments	2,588	3,213
	<u>5,184</u>	<u>6,168</u>

13. Accruals and other payables

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Accrued employee benefits	960	4,418
Accrued expenses	3,166	3,690
Other payables	1,044	1,698
	<u>5,170</u>	<u>9,806</u>

14. Share capital

	Number of shares	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each At 31.12.2020, 1.1.2021 and 30.6.2021	10,000,000,000	100,000		
	<u>10,000,000,000</u>	<u>100,000</u>		
At 31.12.2021, 1.1.2022 and 30.6.2022	10,000,000,000	100,000		
	<u>10,000,000,000</u>	<u>100,000</u>		
<i>Issued and fully paid:</i>				
At 31.12.2020, 1.1.2021 and 30.6.2021	400,000,000	4,000	153,074	157,074
	<u>400,000,000</u>	<u>4,000</u>	<u>153,074</u>	<u>157,074</u>
At 31.12.2021, 1.1.2022 and 30.6.2022	400,000,000	4,000	153,074	157,074
	<u>400,000,000</u>	<u>4,000</u>	<u>153,074</u>	<u>157,074</u>

15. Related party transactions

- (a) In addition to the related party information disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with its related parties during the period:

<i>Name of related parties</i>	<i>Nature of transactions</i>	<i>Note</i>	Six months ended 30 June	
			2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
True Partner Fund (“TPF”)	Management and performance fee income	(ii)	9,556	13,368
True Partner Volatility Fund (“TPVF”)	Management fee income	(i), (iii)	1,295	2,211
			<u>1,295</u>	<u>2,211</u>

Notes:

- (i) A Director of the Company is a member of key management personnel of these funds.
 - (ii) For the six months ended 30 June 2022 and 2021, included in the management and performance fee income from TPF is an amount of HK\$174,000 and HK\$186,000 respectively attributable to the investments in TPF held by True Partner Advisor Limited, a subsidiary of the Company.
 - (iii) For the six months ended 30 June 2022 and 2021, included in the management fee income from TPVF is an amount of approximately HK\$47,000 and HK\$31,000 respectively attributable to the investments in TPVF held by a Director of the Company.
- (b) Compensation of key management personnel

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	7,640	7,111
Pension scheme contributions	132	230
	7,772	7,341

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors are considered as key management personnel of the Group.

16. Approval of the interim financial information

The interim financial information was approved and authorised for issue by the board of directors on 11 August 2022.

FINANCIAL REVIEW

Revenue

During the Reporting Period, revenue of the Group amounted to HK\$25 million, representing a decrease of HK\$4.3 million, or approximately 15% as compared with HK\$29.3 million for the corresponding period of 2021. The decrease in revenue was primarily due to shifts in product mix over the period, which had the result of a decrease in the average revenue per unit of assets under management for the Reporting Period.

Gross profit and gross profit margin

Gross profit of the Group for the Reporting Period was HK\$22.8 million, representing a decrease of HK\$3.2 million or 12% from HK\$26 million for the corresponding period of 2021. The decrease was primarily driven by a decrease in the average revenue per unit of assets under management for the Reporting Period.

General and administrative expenses

General and administrative expense of the Group for the Reporting Period amounted to HK\$35.9 million, representing an increase of HK\$1.8 million or approximately 5% from HK\$34.1 million over the corresponding period of 2021. This was primarily due to an increase in staff cost, IT expense and administrative expense as the Group has been working on the expansion of its operations in Europe and Asia.

Share of results of associates

Share of results of associates represents operating losses arising from principal business activities of two associates – Capital True Partner Technology Co., Ltd. and Holland & Muh Investment Management Co., Ltd. (“**Holland & Muh**”). For the Reporting Period, share of loss of associate of the Group amounted to approximately HK\$301,000, representing an increased loss of HK\$184,000 or approximately increased loss of 157% for the corresponding period of 2021. This was primarily due to the worse business activity performance of the two associates impacted by less favourable market conditions.

Finance costs

Finance costs mainly represent interest expense on lease liabilities. For the Reporting Period, finance cost of the Group amounted to approximately HK\$84,000, representing an increase of HK\$39,000 or approximately increase of 87% for the corresponding period of 2021. This was primarily due to interest expense.

Principal risks and uncertainties facing the Group

The Directors are aware that the Group is exposed to various types of principal risks and uncertainties as discussed below.

Foreign Exchange Risk

The Group's income, cost of sales, administrative expenses, investment and borrowings are mainly denominated in HK\$, US\$, EUR and GBP. Fluctuations of the exchange rates of US\$ relative to HK\$ could affect the income and operating costs of the Group. Historically, such fluctuations have been very limited. The Linked Exchange Rate System ("LERS") has been implemented in Hong Kong since 17 October 1983. Through a rigorous, robust and transparent Currency Board system, the LERS ensures that the Hong Kong dollar exchange rate remains stable within a band of HK\$7.75-7.85 to one US dollar. Fluctuations of the exchange rates of the US dollar, the Euro and the British Pound could affect the operating costs of the Group. Currencies other than the Euro and British Pound were relatively stable during the Reporting Period. The Group currently does not have a foreign currency hedging policy. However, the management will continue to monitor foreign exchange exposure and will take prudent measures to minimise the currency translation risk. The Group will consider hedging significant foreign currencies should the need arise.

Credit Risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the Directors closely monitor the overall level of credit exposure, and the management is responsible for the determination of credit approvals and monitoring the implementation of the debt collection procedure to ensure that follow-up action is taken to recover overdue debts.

Liquidity, current ratio and capital structure

Fee income is the Group's main source of income, while other income sources include interest income generated from bank deposits. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flow. As at 30 June 2022, the Group's balance sheet and cash flow positions remained stable, with a net cash balance of HK\$139.1 million. The current ratio (current assets divided by current liabilities) of the Group was 24.05 times. The Group had no corporate bank borrowings. The Group's net cash is more than its net debts, therefore, no gearing ratios are presented as at 30 June 2022.

Capital structure

As at 30 June 2022, the Group's shareholders' equity and total number of shares issued were HK\$180.2 million and 400 million shares, respectively.

Charge on assets

As at 30 June 2022, the Group did not pledge any assets as collateral for overdrafts or other loan facilities.

Segment information

An analysis of the segment information for the Group is set out in note 3 to the condensed consolidated financial statements.

Exempted connected transactions: Material acquisitions and disposals of subsidiaries and associated companies

(a) Acquisition of 49% equity interest in True Partner Advisor Hong Kong Limited (“TPAHK”)

On 11 November 2021, a wholly owned subsidiary of the Company – True Partner Advisor Limited (“TPA”) entered into the acquisition agreement, pursuant to which Capital Futures Corp. (“CFC”) agreed to sell, and TPA agreed to purchase the sale shares which represents 49% of equity interest in TPAHK at the consideration of HK\$14,252,729. The acquisition was completed on 15 February 2022. For more information on the acquisition, please refer to the Company’s announcements dated 11 November 2021, 15 November 2021 and 15 February 2022 respectively.

The Board is of the opinion that, obtaining full ownership of TPAHK by means of the acquisition, is beneficial to the Group. Such full ownership allows the Group to further utilise this licensed asset management company in expanding current investment mandates and potentially obtaining additional investment mandates and as such enhance return to the Shareholders of the Company. The Acquisition is therefore considered by the Board to be a good opportunity to optimise the Group’s asset management activities and expand the Group’s existing business opportunities.

(b) Disposal of 2.73% equity interest in CSC Futures (HK) Limited (“CSCHK”)

On 11 November 2021, a wholly owned subsidiary of the Company – True Partner Holding Limited (“TPH”) entered into the disposal agreement, pursuant to which TPH agreed to sell, and CFC agreed to purchase the disposal shares which represents 2.73% of equity interest in CSCHK at the consideration of HK\$6,616,200. The disposal was completed on 15 February 2022. For more information on the disposal, please refer to the Company’s announcements dated 11 November 2021, 15 November 2021 and 15 February 2022 respectively.

The Board is of the view that ownership of a minority stake in a Hong Kong brokerage and proprietary trading firm is no longer conducive and is not congruent with its long-term goal of further expansion of the Group’s asset management activities. The application of the proceeds from the disposal in future investment and business expansions or addition thereof to the Group’s working capital will be beneficial to the overall development of the Group.

CFC, the counterparty to the acquisition and disposal mentioned above, is interested in 49% of the equity interest in TPAHK, a subsidiary of the Company, CFC is therefore a connected person at the subsidiary level under GEM Listing Rule 20.07(1). The Directors (including the independent non-executive Directors) have confirmed that the terms of the acquisition of 49% equity interest in TPAHK and the disposal of 2.73% equity interest in CSCHK are fair and reasonable, and that they are on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 20.99 of the GEM Listing Rules, the acquisition and the disposal are only subject to reporting and announcement requirements, and are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Company has complied with the disclosure requirements under Chapter 20 of the GEM Listing Rules.

Except for the above, the Group had no other material acquisition or disposal of subsidiaries and associated companies for the Reporting Period.

Future plan for material investments or capital assets

As at 30 June 2022, the Group had no specific plan for material investments or capital assets.

Contingent liabilities

As at 30 June 2022, the Group has no material contingent liabilities or guarantees (as at 31 December 2021: nil).

Donations for charitable or other purpose

Donations for charitable or other purpose such as sponsorship in community activities of approximately HK\$276,000 were made by the Group during the Reporting Period (for the six months ended 30 June 2021: HK\$40,000).

Interim Dividends

The Board does not recommend the payment of an interim dividend for the Reporting Period (for the six months ended 30 June 2021: Nil).

Human resources management

As at 30 June 2022, the Group had a total of 30 employees (as at 30 June 2021: 28). Based on the Group's remuneration policy, the employees' remuneration is determined with reference to the experience and qualifications of the individual's performance.

The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. The Group has also adopted a share option scheme to reward individual staff for their contribution to the Group.

MORE INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in the Shares

Name of Director/ Chief Executives	Capacity/ Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Tobias Benjamin Hekster	Beneficial owner	57,745,018	14.43%
Godefriedus Jelte Heijboer	Beneficial owner	56,049,644	14.01%
Ralph Paul Johan van Put ⁽¹⁾	Interest in a controlled corporation	58,337,399	14.58%
Roy van Bakel ⁽²⁾	Interest in a controlled corporation	27,686,280	6.92%

Notes:

- (1) The Shares were held by True Partner Participation Limited. True Partner Participation Limited is wholly owned by Mr. Ralph Paul Johan van Put. Mr. Ralph Paul Johan van Put is deemed to be interested in all the Shares held by True Partner Participation Limited under the SFO.
- (2) The Shares were held by Red Seven Investment Ltd. Red Seven Investment Ltd is wholly owned by Mr. Roy van Bakel. Mr. Roy van Bakel is deemed to be interested in all the Shares held by Red Seven Investment Ltd under the SFO.

Save as disclosed above, as at 30 June 2022, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2022, the following persons/entities (other than Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholders	Capacity/ Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Franca Kurpershoek-Hekster ⁽¹⁾	Interest of spouse	57,745,018	14.43%
Wong Rosa Maria ⁽²⁾	Interest of spouse	56,049,644	14.01%
True Partner Participation Limited	Beneficial owner	58,337,399	14.58%
Kung Yun Ching ⁽³⁾	Interest of spouse	58,337,399	14.58%
True Partner International Limited ⁽⁴⁾	Beneficial owner	62,122,908	15.53%
DSS Financial Management, Inc. ⁽⁴⁾	Interest in a controlled corporation	62,122,908	15.53%
DSS Securities, Inc. ⁽⁴⁾	Interest in a controlled corporation	62,122,908	15.53%
DSS, Inc. ⁽⁴⁾	Interest in a controlled corporation	62,122,908	15.53%
Chan Heng Fai Ambrose ⁽⁴⁾	Interest in a controlled corporation	62,122,908	15.53%
Chan Kong Yoke Keow ⁽⁵⁾	Interest of spouse	62,122,908	15.53%
Edo Bordoni	Beneficial owner	29,839,153	7.46%
Anne Joy Bordoni ⁽⁶⁾	Interest of spouse	29,839,153	7.46%
Red Seven Investment Ltd	Beneficial owner	27,686,280	6.92%
Maria Victoria Diaz Basilio ⁽⁷⁾	Interest of spouse	27,686,280	6.92%
Nardinc Beheer B.V.	Beneficial owner	36,196,000	9.04%
SomethingEls B.V. ⁽⁸⁾	Interest in a controlled corporation	36,196,000	9.04%
ERMA B.V. ⁽⁸⁾	Interest in a controlled corporation	36,196,000	9.04%
Dasym Managed Accounts B.V. ⁽⁸⁾	Investment manager	36,196,000	9.04%
F. J. Botman Holding B.V. ⁽⁸⁾	Interest in a controlled corporation	36,196,000	9.04%
Franciscus Johannes Botman ⁽⁸⁾	Interest in a controlled corporation	36,196,000	9.04%

Notes:

- (1) Mrs. Franca Kurpershoek-Hekster is the spouse of Mr. Tobias Benjamin Hekster, an executive Director, and Mr. Tobias Benjamin Hekster holds 14.43% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Franca Kurpershoek-Hekster is deemed to be interested in the same number of Shares in which Mr. Tobias Benjamin Hekster is deemed to be interested in under the SFO.

- (2) Mrs. Wong Rosa Maria is the spouse of Mr. Godefriedus Jelte Heijboer, an executive Director, and Mr. Godefriedus Jelte Heijboer holds 14.01% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Wong Rosa Maria is deemed to be interested in the same number of Shares in which Mr. Godefriedus Jelte Heijboer is deemed to be interested in under the SFO.
- (3) Mrs. Kung Yun Ching is the spouse of Mr. Ralph Paul Johan van Put, the chairman and executive Director and True Partner Participation Limited is wholly owned by Mr. Ralph Paul Johan van Put. True Partner Participation Limited holds 14.58% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Kung Yun Ching is deemed to be interested in the same number of Shares in which Mr. Ralph Paul Johan Van Put and True Partner Participation Limited are deemed to be interested in under the SFO.
- (4) True Partner International Limited is a wholly owned subsidiary of DSS Financial Management, Inc. DSS Financial Management, Inc. is wholly owned by DSS Securities, Inc., which is wholly owned by DSS, Inc. DSS, Inc. is 58.58% owned by Mr. Chan Heng Fai Ambrose. True Partner International Limited holds 15.53% in True Partner Capital Holding Limited. By virtue of the SFO, Mr. Chan Heng Fai Ambrose is deemed to be interested in the Shares held by True Partner International Limited under the SFO.
- (5) Mrs. Chan Kong Yoke Keow is the spouse of Mr. Chan Heng Fai Ambrose and Mr. Chan Heng Fai Ambrose is deemed to be interested in 15.53% in True Partner Capital Holding Limited per note (4) above. By virtue of the SFO, Mrs. Chan Kong Yoke Keow is deemed to be interested in the same number of Shares in which Mr. Chan Heng Fai Ambrose is deemed to be interested in under the SFO.
- (6) Mrs. Anne Joy Bordoni is the spouse of Mr. Edo Bordoni and Mr. Edo Bordoni holds 7.46% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Anne Joy Bordoni is deemed to be interested in the same number of Shares in which Mr. Edo Bordoni is deemed to be interested in under the SFO.
- (7) Mrs. Maria Victoria Diaz Basilio is the spouse of Mr. Roy van Bakel, an executive Director and Red Seven Investment Ltd is wholly owned by Mr. Roy van Bakel. Red Seven Investment Ltd holds 6.92% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Maria Victoria Diaz Basilio is deemed to be interested in the same number of Shares in which Mr. Roy van Bakel and Red Seven Investment Ltd are deemed to be interested in under the SFO.
- (8) Each of SomethingEls B.V. and ERMA B.V. holds 50% interest in Nardinc Beheer B.V. By virtue of the SFO, SomethingEls B.V. and ERMA B.V. are deemed to be interested in the Shares held by Nardinc Beheer B.V. under the SFO. Dasyman Managed Accounts B.V., as investment manager, is 90.1% owned by F.J. Botman Holding B.V. which in turn is wholly owned by Mr. Franciscus Johannes Botman. By virtue of the SFO, Dasyman Managed Accounts B.V., F.J. Botman Holding B.V. and Mr. Franciscus Johannes Botman are deemed to be interested in the Shares held by Nardinc Beheer B.V. under the SFO.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other persons/entities (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Change in information of Director

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, change in the information of Director is set out below:

Mr. Ming Tak NGAI has been acting as an external director of China COSCO Shipping Corporation with effect from 28 March 2022.

Saved as disclosed above, there are no other matters required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

SHARE OPTION SCHEME

Pre-IPO Share Option Scheme

A pre-IPO share option scheme was adopted and approved by the then shareholders of the Company on 13 February 2020 (the “**Pre-IPO Share Option Scheme**”). The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain employees of the Group to the growth of the Group by granting options to them as rewards and further incentives. For more information, please refer to the section of “Directors’ Report” in the Group’s annual report for the year ended 31 December 2021 (the “**Annual Report 2021**”).

As at 1 January 2022 and 30 June 2022, 7,947,488 share options remained outstanding. No share option was granted, exercised, lapsed or forfeited during the Reporting Period.

Share Option Scheme

A share option scheme was adopted and approved by the then shareholders of the Company on 22 September 2020 (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the section of “Directors’ Report” in the Annual Report 2021. No share option has been granted by the Company pursuant to the Share Option Scheme since its adoption and up to the date of this announcement.

INTERESTS IN COMPETING BUSINESS

None of the Directors or the substantial Shareholders (as defined in the GEM Listing Rules) of the Company (the “**Substantial Shareholders**”) or their respective close associates (as defined in the GEM Listing Rules) has interests in any business apart from the Group’s businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person has or may have with the Group for the Reporting Period and up to the date of this announcement.

INTEREST OF THE COMPLIANCE ADVISER

As notified by Alliance Capital Partners Limited (“**Alliance Capital**”), compliance adviser of the Company, neither Alliance Capital nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Alliance Capital had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 June 2022.

The compliance adviser’s appointment is for a period commencing on 16 October 2020 (i.e. the Listing Date) and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the dispatch of its annual report of the financial results for the second full financial year commencing after the date of initial listing of the Shares on the GEM (the “**Listing**”), or until the compliance adviser agreement is terminated in accordance with its terms and conditions, whichever is earlier. Pursuant to the compliance adviser agreement, Alliance Capital receives fees for acting as the Company’s compliance adviser.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Group has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Directors, except for the deviation from code provision C.2.1 of the CG Code, the Group has no material deviation from the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ralph Paul Johan van Put currently holds the positions of the chairman of the Board and the chief executive officer of the Company. Mr. Ralph Paul Johan van Put has been the key leadership figure of the Group who has been primarily involved in the strategic development and determination of the overall direction of the Group. He has also been directly supervising the senior management of the Group. Taking into account of the above, the Directors consider that the vesting of the roles of chairman and chief executive officer in Mr. Ralph Paul Johan van Put provides a strong leadership to the Group and is beneficial and in the interests of the Company and its shareholders as a whole. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

To ensure check and balance of power and authority on the Board, individuals with a broad range of expertise and experience are on the Board as independent non-executive Directors to offer independent and differing advice and monitor the operations of the Board, including corporate governance aspects of functioning of the Board.

The Company regularly reviews its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors have confirmed that they had fully complied with the Code of Conduct during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the Reporting Period.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and code provision D.3.3 and D.3.7 of the CG Code. The primary duties of the Audit Committee mainly include (i) making recommendations to the Board on the appointment and removal of external auditors; (ii) reviewing and supervising the financial statements and material advice in respect of financial reporting; (iii) overseeing internal control procedures; (iv) supervising internal control and risk management systems of the Group; and (v) monitoring continuing connected transactions (if any); and (vi) reviewing arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The members of the Audit Committee include three independent non-executive Directors, namely Ms. Wan Ting Pai, Mr. Jeronimus Mattheus Tielman and Mr. Ming Tak Ngai. Ms. Wan Ting Pai is the chairwoman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Company for the Reporting Period and is of the opinion that such results have been complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By order of the Board
True Partner Capital Holding Limited
Ralph Paul Johan van Put
Chairman and Chief Executive Officer

Hong Kong, 11 August 2022

As at the date of this announcement, the Board comprises Mr. Ralph Paul Johan van Put, Mr. Godefriedus Jelte Heijboer, Mr. Tobias Benjamin Hekster and Mr. Roy van Bakel, each as an executive Director and Mr. Jeroen M. Tielman, Ms. Jasmine Wan Ting Pai and Mr. Michael Ngai Ming Tak, each as an independent non-executive Director.

This announcement will remain on the GEM's website at www.hkgem.com on the "Latest Listed Company Information" page for a minimum period of seven days from the date of its publication. This announcement will also be published on the Company's website at www.truepartnercapital.com.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.