True Partner Capital Holding

# Annual Report 2021


## True Partner Capital Holding Limited

Incorporated under the laws of the Cayman Islands with limited liability

Stock code: 8657

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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**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.**

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# Corporate overview

**Established in 2010, by a team of former market makers, True Partner Capital Holding is a** specialized 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

Specialized 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**

## Contents

# Corporate information

## Board of directors

**Executive Directors**
Ralph Paul Johan van Put
*(Chairman and Chief Executive Officer)*
Godefriedus Jelte Heijboer
Tobias Benjamin Hekster
Roy van Bakel

**Independent Non-executive Directors**
Jeronimus Mattheus Tielman
Wan Ting Pai
Ming Tak Ngai

## Audit committee

Wan Ting Pai *(Chairwoman)*
Jeronimus Mattheus Tielman
Ming Tak Ngai

## Remuneration committee

Wan Ting Pai *(Chairwoman)*
Ralph Paul Johan van Put
Godefriedus Jelte Heijboer
Jeronimus Mattheus Tielman
Ming Tak Ngai

## Nomination committee

Wan Ting Pai *(Chairwoman)*
Ralph Paul Johan van Put
Godefriedus Jelte Heijboer
Jeronimus Mattheus Tielman
Ming Tak Ngai

## Company secretary

Siow Grace Yuet Chew
ACG, HKACG

## Authorised representatives

Ralph Paul Johan van Put
Godefriedus Jelte Heijboer

## Compliance officer

Roy van Bakel

## Compliance adviser

Alliance Capital Partners Limited

## Registered office in the Cayman Islands

P.O. Box 31119 Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

## Head office and principal place of business in Hong Kong

Suites 2902-3, 29/F Tower 2
The Gateway
Harbour City
Kowloon
Hong Kong

## Cayman Islands principal share registrar and transfer office

Appleby Global Services (Cayman) Limited
71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

## Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

## Legal advisers

*As to Hong Kong law:*
Kwok Yih & Chan

*As to Cayman Islands law:*
Appleby

*As to U.S. law:*
Thompson Coburn LLP

## Auditor

PKF Hong Kong Limited
Certified Public Accountants
26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay, Hong Kong

## Principal banker

DBS Bank (Hong Kong) Limited

## Stock code

8657

## Company website

www.truepartnercapital.com

Results

## Annual Report

The board of directors of the Company (the "**Board**") is pleased to announce the audited annual results of the Company and its subsidiaries (together as the "**Group**") for the year ended 31 December 2021 (the "**Reporting Period**") together with the comparative figures of the corresponding period in 2020 as set out below:

## Selected financial highlights

| | 2021 (HK$'000) | 2020 (HK$'000) | % Change |
|---|---|---|---|
| **Total Revenue** | **58,917** | 132,013 | (55) |
| Management fee income | **57,963** | 60,266 | (4) |
| Performance fee income | **–** | 70,481 | N/A |
| Consultancy service fee | **954** | 1,266 | (25) |
| **Gross profit** | **52,384** | 119,777 | (56) |
| **Operating (loss)/profit** *Note 1* | **(22,103)** | 36,838 | (160) |
| **(Loss)/profit for the year** | **(25,487)** | 26,756 | (195) |
| **(Loss)/profit attributable to owners of the Company** | **(26,020)** | 26,149 | (200) |
| **Total comprehensive (loss)/income** | **(25,280)** | 25,908 | (198) |
| **Non-HKFRS: adjusted net (loss)/profit** *Note 2* | **(26,020)** | 39,243 | (166) |
| **(Loss)/earnings per share (HK cents) – Basic and diluted** *Note 3* | **(6.51)** | 8.15 | (180) |
| **Non-HKFRS: adjusted (loss)/earnings per share (HK cents)** *Note 4* | **(6.51)** | 12.22 | (153) |

Notes:

1. Operating (loss)/profit represents (loss)/profit 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. Adjusted net (loss)/earnings is unaudited and represents (loss)/earnings for the year attributable to owners of the Company adding back listing expenses. Adjusted net (loss)/earnings is not a measure of performance under Hong Kong Financial Reporting Standards ("**HKFRS**"), has material limitations as an analytical tool, and does not include all items that impact our profit for the relevant year. For further details, please refer to the section headed "Management Discussion and Analysis" below.
3. The calculation of the basic (loss)/earnings per share amount is based on the loss for the year attributable to owners of the Company of HK$26,020,000 (2020: profit of HK$26,149,000), and the weighted average number of ordinary shares of 400,000,000 shares (2020: 321,038,251 shares) in issue during the year, adjusted for the capitalisation issue in connection with the listing of the Company on 16 October 2020. Diluted (loss)/earnings per share for the year ended 31 December 2021 and 2020 is the same as the basic (loss)/earnings 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 (2020: diluted earnings per share is the same as the basic earnings per share as there were no potential ordinary shares).
4. Adjusted (loss)/earnings per share is unaudited and represents adjusted net profit divided by the weighted average number of ordinary shares of 400,000,000 (2020: 321,038,251 shares) in issue during the year, adjusted for the capitalisation issue in connection with the listing of the Company on 16 October 2020.

## Selected business and financial highlights

- The year 2021 was overall a strong period for equity markets, with the MSCI World Total Return Hedged to US Dollars rising by +24.4%, a significantly higher return than its long-term average. Over the course of the year, equities continued to be boosted by monetary policy stimulus from central banks and fiscal stimulus from government actions as well as strong economic growth, rising corporate earnings and continued positive investor sentiment.

- Despite seemingly large headline moves in equity indices, realized volatility has been lower than long-term averages, particularly in the US and Europe. For example, the S&P 500 has had realized volatility of 13.3% over the year of 2021, well below its long-term (2006 to 2020)[1] average realized volatility of 19.8%, and just over a third of its level in 2020 (34.4%).

- The VIX Index, which is a widely followed measure of US equity index implied volatility, fell from 22.75 at the end of 2020 to 17.22 at the end of 2021. However, the VIX is only indirectly tradable via derivatives. To look at the actual return of having long or short exposure to US equity index implied volatility, it is more appropriate to look at the cost of buying and rolling futures contracts linked to the VIX Index. A simple proxy for this can be found by looking at exchange-traded products that systematically buy and roll short-term VIX futures contracts. A large exchange-traded note providing exposure to VIX futures[2] was down by -72.4% over the full year of 2021, with negative returns in every calendar quarter during the year.

- The combination of low realized volatility and declining short-term implied volatility (relative to what was already priced into markets) provided a challenging backdrop for our relative value volatility trading strategy and our fund products generated negative performance overall during 2021.[3] This followed positive performance for our fund products in 2020.

- As we have highlighted in both positive and negative periods of performance, 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

*1. January 2006 to December 2020*

*2. The iPath Series B S&P 500 VIX Short-Term Futures ETN*

*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.*


*Vincent van Gogh, born in the Dutch village of Zundert, painted 'Almond blossom' in 1890*

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 31 December 2021, 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 31 December 2021, 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.

- This longer-term perspective on our performance was also reflected in our asset flows over the year. The Group's assets under management rose during the year of 2021, reflecting net inflows from existing and new investors, partially offset by the effects of negative investment performance. Assets under management were US$1,675 million as of 31 December 2021, an increase of $90 million as compared to assets under management of US$1,585 million as of 31 December 2020, representing 6% growth year-on-year. During the year the net increase in assets under management was primarily driven by growth in separate mandates, which

*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. Alpha is a measurement of the return of an investment in excess of that derived from its exposure to a specific benchmark (commonly, the MSCI World Index or the S&P Index) or in excess of its exposure of easily accessible return factors. The term "alpha" when used in this document refers to alpha relative to the MSCI World Total Return Index Hedged to US Dollars.*

we group together as "Managed Accounts" for reporting purposes. This included the launch of a new customized vehicle for an institutional client during the year.

- Revenues in 2021 were HK$58.9 million. This compares to revenues of HK$132 million for 2020. During year of 2020 the Group's investment products saw strong performance and as a result generated both management fees and significant performance fees.[5] During 2021 management fees remained relatively stable as compared to the same period in 2020, finishing modestly lower; however, the Group did not generate performance fees. This resulted in an overall decline in revenues relative to 2020.

- General and administrative expenses were HK$74.6 million in 2021, as compared to HK$70.2 million in 2020. The slight increase in expenses was mostly due to an increase in other expenses, which was partially offset by a decline in remuneration costs. The overall number of personnel was higher in 2021 as compared to 2020 as the Group implemented its expansion plans as previously outlined in its Prospectus. Within remuneration, the


*Jan Brueghel the Elder from the Southern Netherlands painted circa 1600 the 'Vase with flowers'* additional costs of team growth were more than set by a decline in bonus accruals when compared to 2020, resulting in lower remuneration costs overall. Performance-based incentives are a common feature of hedge fund business models and the reduction in bonus accruals reflected weaker investment performance in 2021 when compared to 2020. Within other expenses, drivers of increased expenses included professional fees, sales and marketing and data expense.

- The Group's profit/loss before income tax was a loss of HK$24.5 million in 2021, as compared to a profit of HK$38.1 million in the comparable period in 2020. Profit/loss attributable to owners of the company was a loss of HK$26.0 million in 2021 (after tax), as compared to a profit of HK$26.1 million in the comparable period of 2020. Non-HKFRS Adjusted Net Profit/Loss attributable to Owners of the Company was a loss of HK$26.0 million in 2021 as compared to a profit of HK$39.2 million in the comparable period in 2020.

- During 2021, the ongoing backdrop of Covid-19 has continued to restrict international travel and in person interactions in many countries. The Group has continued to actively use technology to enhance its marketing efforts. Over this period the team has been actively engaged with investors and prospects through regular webinars, on a one-on-one basis, through engagements via third parties and participating in industry conferences. The Group also continued to engage with investors and prospects via newsletters and more in-depth pieces.

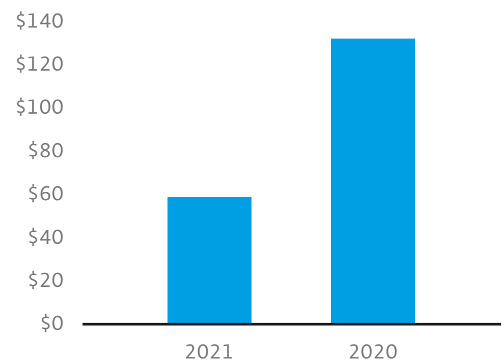
- During 2021, the Group has also been working on the expansion of its operations in Europe and Asia in line with the Use of Proceeds outlined in the prospectus of the Company dated 30 September 2020 (the "**Prospectus**"). This has included working through the process of obtaining an investment firm license from the Authority Financial Market ("**AFM**") in the Netherlands. The license was granted on 24 March 2022. As part of this expansion, during the first half of 2021 we were pleased to welcome three new senior experienced professionals to the Group in our Amsterdam office, including a new global CFO. The Group has also continued to expand its technology team.

*5. Management and performance fees can vary by product and account in accordance with the terms of the specific products and accounts and can be subject to confidentiality obligations. Performance fees are also subject to high water marks. Changes in assets under management at the overall Group level do not necessarily have a linear relationship with changes in revenues generated from management fees and/or changes in revenues generated from performance fees.*

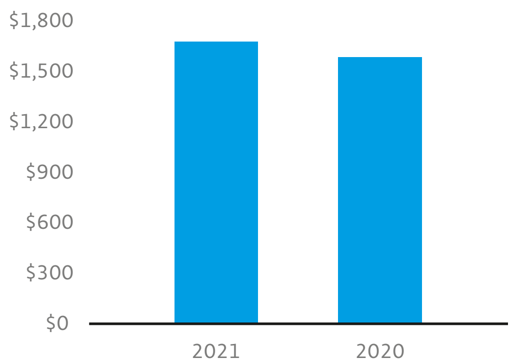
## Selected financial highlights

(in HK$ millions as of 31 December 2021 unless stated, with comparison to 31 December 2020)

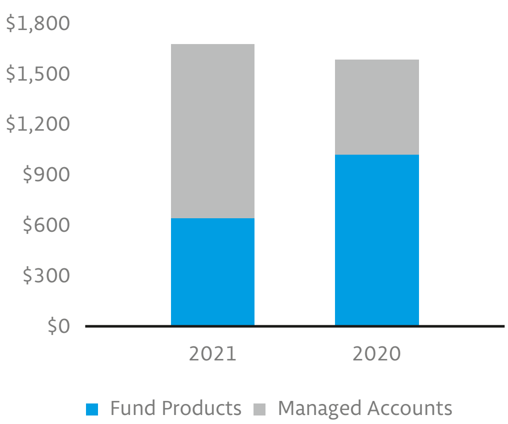
*Revenues*



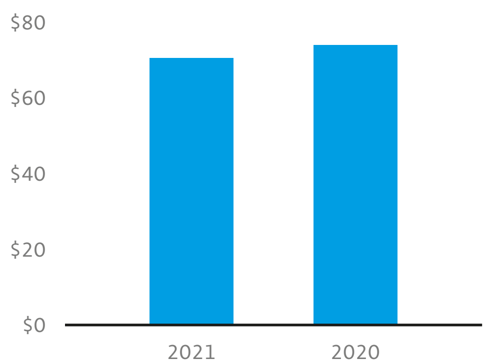

*Assets under management ("AUM") (US$ millions)* [6]



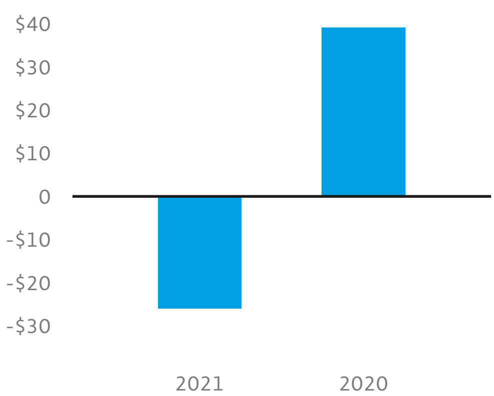

*Breakdown of AUM by Product Type (US$ millions)* [4]



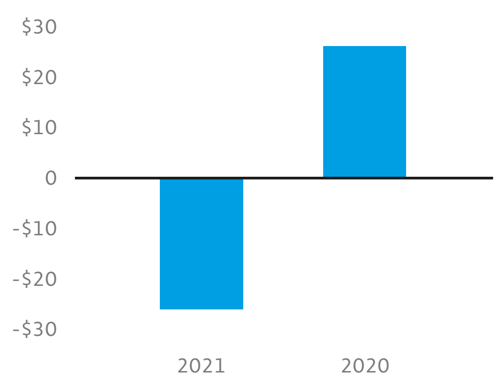

*Management fees*



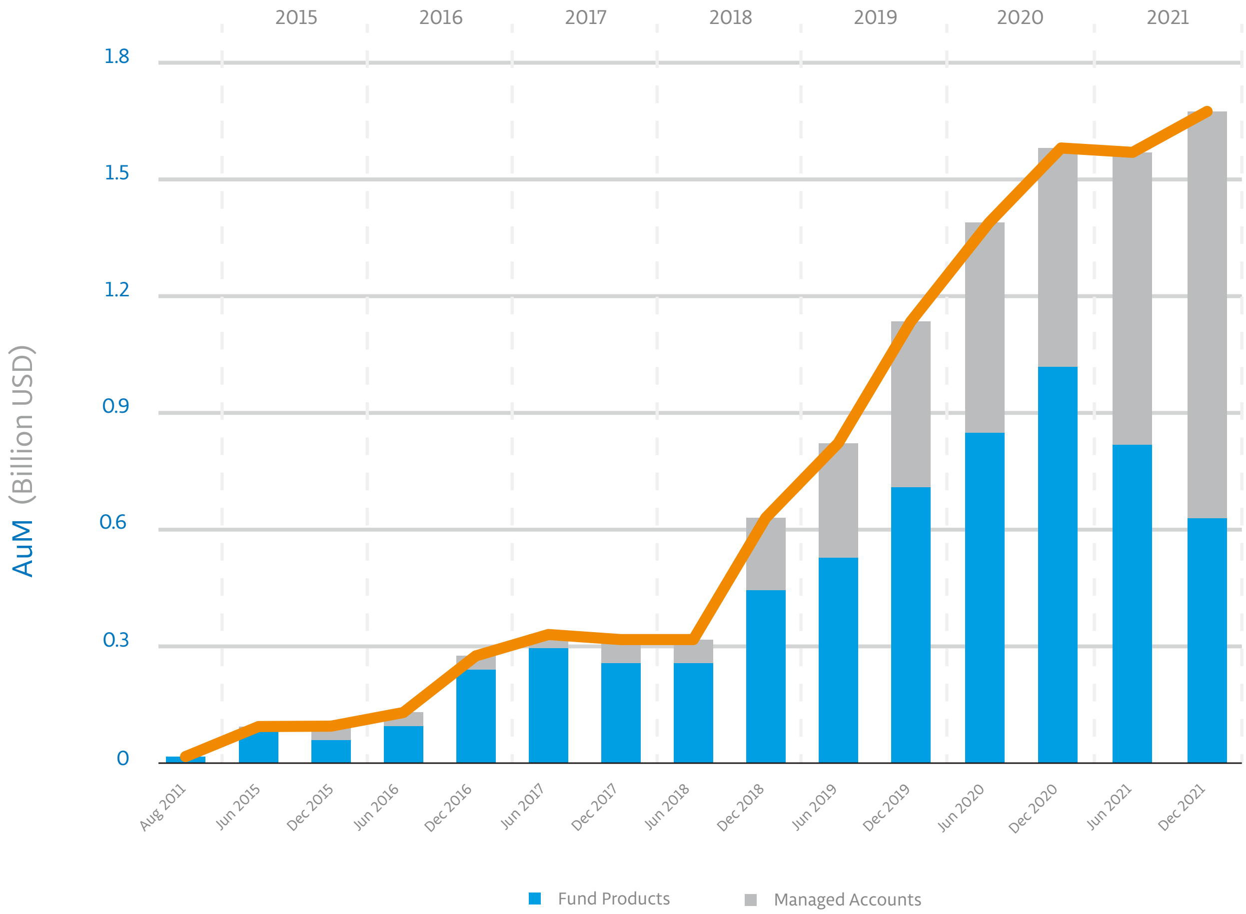

*Non-HKFRS: Adjusted Net (Loss)/Profit* [7]




*(Loss)/profit attributable to owners of the Company*



*Earnings power and operating leverage*




*6. The Group manages or advises on both fund products and other investment mandates. For the purposes of this report, co-mingled 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". These mandates are typically each run for a specific client. As of 31 December 2021 the Group's managed accounts deploy the Group's relative value trading strategy and other trading strategies.*

*7. Adjusted Net Loss/Profit is unaudited and represents profit for the year adding back listing expenses. Adjusted Net Loss/Profit is not a measure of performance under HKFRS, has material limitations as an analytical tool, and does not include all items that impact our profit for the relevant period. For further details please refer to the Management Discussion and Analysis below.*

# Chairman's letter

2021 was an extraordinary year by any measure. It was a year of a continued global pandemic, countries in various stages of lock-down, unprecedented government actions, and massive social and psychological impacts for many individuals as the global tragedy of the Covid-19 continued, claiming almost 6 million lives. Again, I would like to take a moment to recognise the true heroes, those health care professionals, scientific researchers, and other public servants globally whose hard work and perseverance have helped and continue to help millions upon millions of people worldwide through this very challenging period. And those efforts provide us with cautious optimism, offering a glimpse of a post-Covid 19 world in the near future.

From a personal perspective, what I look forward to the most in such a post Covid-19 environment is to meet our clients in person again. Our clients are at the heart of our business, and we strive each day to deliver attractive investment outcomes for them. Over our history we have become a trusted partner in volatility trading to many investors around the world, delivering returns that help them to meet their investment objectives. We have adapted rapidly to the changing environment of the last two years, with regular webinars and participating in virtual events held by partners around the world. But I believe that there will always be an important role for meeting our clients in person, face to face. Through listening to their needs, we can use our experience, market insights and technology to deliver our investment edge in the most optimal way, making a meaningful difference to their portfolios. I look forward to once again seeing our clients in their offices around the world and to hosting them in our offices across Asia, Europe and the US.

For markets, the advent of a post Covid-19 world provides its own dynamic following an unusually strong year for equities in 2021. For the funds and strategies of True Partner Capital, the year 2021 was a difficult one as market resilience predominantly expressed itself as a steady march higher throughout the year as reflected in the 29% gain of the S&P 500 on a total return basis, or the 24% gain for the MSCI World Index. While impressive, rising markets per se are not unique. What made 2021 particularly difficult for our volatility strategy was the lack of any meaningful downside volatility across most markets.

The environment of steadily rising markets and declining volatilities helped make for the largest headwinds for our volatility strategy since the inception of the True Partner Fund, over 10 years ago. As a result, the Fund's performance over 2021 was the most challenged since its inception. However, if one takes a step backwards to observe the past two years, the role our funds and offerings serve in portfolios emerges even in such challenging times.

From the start of 2020 to the end of 2021, the MSCI World rose by over 40% on a total return basis, while the S&P 500 rose by over 50%. The True Partner Fund had a loss of around 3% over the same period, net of fees and expenses. In these data points, one might overlook the volatility which occurred in early 2020. It was during that market panic when our funds and mandates provided particularly positive, diversifying returns, offsetting losses elsewhere in our investors' portfolios. This not only alleviated pressures to reduce equity exposure around the market's troughs, but potentially even allowed our investors to expand upon such exposure at favourable levels. Even with the extraordinary central bank support at the time being provided via interest rate cuts and asset purchases, the True Partner Fund showed itself to be a more powerful diversifier than government bonds in the heat of the moment. When the MSCI World (Hedged to USD) was down almost -13% in March 2020, the True Partner Fund gained over +10%, while the Bloomberg Global Government Bond Index (Hedged to USD) was down -0.2% for the month. This episode highlights the role which an allocation to volatility strategies can play in an actively managed portfolio.

With inflation pressures now threatening the value of bonds in a way not seen for decades, we believe investors are likely to consider alternatives. With sovereign bonds


*Johannes Vermeer, born on October 1632, painted his city of birth 'View on Delft' circa 1661*

an enormous market, even a shift in a tiny fraction of this pool could make a meaningful difference to our assets under management.

In our view the coming years could prove to be a watershed more generally with regards to investment philosophy. For over a decade, passive investing has been in vogue, among others reflected in the stellar growth of Exchange Traded Funds. With a backdrop of ever-increasing monetary stimuli and other central bank accommodation, a comparison with a tide that lifted all boats springs to mind. But the start of 2022 indicates this may all be about to change.

A post-Covid world increasingly looks like a world where central banks reign in their balance sheets while the reopening of the global economy ushers in inflation. Add some geopolitical risks to the mix and the rising tide of yesteryear could easily become a choppy ocean where some ships may get toppled. This is where an active investment strategy comes in and where hedge funds ought to be able to generate their alpha. The textbook benefits of an active investment thesis, including higher flexibility and a wider investable universe, are invaluable when navigating more volatile markets. For those charged with top-down asset allocation decisions, portfolio construction and the ability to opportunistically re-allocate risk will become ever more important.

At the same time, the textbook disadvantage of more active investing, costs, is subject to discussion as well.

Over time, the gap between active and passive fees has narrowed, as the marketplace has become more competitive. When markets are experiencing a steady up-trend, there are fewer opportunities to add meaningful value from active management and alpha opportunities favour long-biased investors. In a more two-way market, the ability to add alpha in volatile conditions is more valuable and the opportunities to profit from rebalancing are greater. The pendulum may well swing away from passive investments and long biased players back towards those whose active management style can offer greater diversification benefits.

At True Partner Capital, we are convinced we can play a role in this active renaissance of sorts. Despite the various causes for unease, markets remain near all-time highs (it may not feel like it, but at the time of writing the S&P 500 remains not far from its high) and the cushioning role of government bonds looks increasingly impaired. Indeed, as inflation drives market fears, bonds look to become the centre of the storm instead of a refuge. As a case in point, the Bloomberg US Treasury index was down -1.9% this January. Against such a backdrop of arguably elevated valuations and a scarcity of truly uncorrelated assets, we believe that volatility strategies should be a key portfolio component for investors. Our True Partner Fund and other offerings are a suitable building block in this approach and we are excited that our platform offers both 'off the shelf' solutions with long track records and the ability to customize our offering to an investor's specific needs and objectives, tailoring solutions that are designed to protect / enhance portfolios in specific scenarios.

**Our technology** allows us to easily scale our trading strategies and run multiple mandates simultaneously on our platform, enabling us to offer customized portfolios to multiple institutions in an efficient manner. The sophisticated execution logic, combined with our risk management systems, enable us to continually monitor, analyse and rapidly adapt to constantly changing markets.

**Our global presence** with offices in Hong Kong, Singapore, Amsterdam, London, and Chicago allows us to trade 23 hours a day and actively manage our investment strategies for our clients. And through this global footprint we can liaise with international institutional clients across the globe as we deliver investment solutions further to their objectives and requirements.

**Our track record** of providing positive, diversifying investment returns over the past decade, as represented by our flagship True Partner Fund, demonstrates our abilities. It also forms a potential building block for targeted protective strategies that are customized to investors' individual requirements, working in tandem with other tailored components we have developed. But what our track record and experience also reflect is the adaptiveness that characterizes our firm. Since our days as market makers, the one constant among an ever-changing market has been adapting to these changes.

And finally, **our commitment** to utilize these tools and experience to provide competitive offerings. As referenced above, we believe that there is an attractive opportunity ahead for managers who can truly add value to clients. With our scalable and efficient global platform, we believe we can offer investors a true partnership, where objectives and interests are aligned, and fees are fair. Our company name is no coincidence, but the mantra under which we have thrived for over a decade and counting.

Over the past decade, we laid the foundations for our global, multi strategy hedge fund platform and 2021 was no exception to this continuous development. We continue to expand our presence. This is reflected in the establishment of our own UK entity and growth in our London team and in the Netherlands where we are in the final stages of our application for a full asset management license under MIFID II and we have strengthened our Amsterdam staff to a total of 13 colleagues. We have been able to onboard strong hires in various fields around the world from quantitative and big data analysis to network engineers to marketing resources.

Capturing the growth and opportunities which we envisioned in our listing remains our focus. Besides the growth in our customized offerings with our first mandate established in September, the expanded infrastructure both in terms of technology and in terms of staff and locations, we have progressed with our onshore China exposure and expect to launch our first derivatives fund offering later this year.

All in all, 2021 has been a year with many faces. A year in which the challenging market environment negatively impacted our fund and mandates' performance, which is reflected in the lower revenue generated from performance fees. But also, a year in which despite the market headwinds, we have been able to grow our assets under management to a new peak, reflecting the trust of existing and new investors. And a year in which we have continued to invest in order to capitalize on the opportunities we see ahead. As such, the Board has recommended the payment of no dividend for the year ended 31 December 2021.

We are a diverse and international firm, but many of us have a shared history of having spent many formative years trading and building models amidst the world leading derivatives markets in Amsterdam. Over the course of 2021 we have been pleased to further grow our Amsterdam office and work on our application for an investment management license from the Dutch AFM. We were granted with the license on 24 March 2022. It's a great step forward for the Group being able to continue developing asset management offerings to European investors. In honour of this shared heritage and work, we have shared some of our favourite pieces from the Dutch master painters through our annual report. We hope you share our appreciation of their talents and the insights and joy their work offers. A description of the paintings, biographies of the painters and the museums where they can be seen can be found in the Annex of our annual report.

My fellow Board members and I thank our fund management clients and our shareholders for their support and trust in our firm. We and the full True Partner team look forward to continuing to serve you during the year ahead.

Ralph Paul Johan van Put
Chairman and Chief Executive Officer
Hong Kong, 29 March 2022

# Management discussion and analysis

## Business review

The Company is a Hong Kong and U.S. 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. The Group primarily employs a global volatility relative value trading strategy involving 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 U.S., Europe and Asia) and different time zones. The Group also employs other volatility trading strategies. 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 and 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 specialized knowledge in options and volatility trading is the foundation of our proprietary trading technology.

*The Dutch painter Jacob Isaacksz van Ruisdael lived and worked in Haarlem and Amsterdam. He painted The Windmill at Wijk bij Duurstede circa 1670.*

*Rijksmuseum Amsterdam, the Netherlands*

Our firm AUM is US$1,675 million as of 31 December 2021 and we currently manage or advise on both fund products and managed accounts.[1] Our longest running fund product was launched in July 2011 and was later restructured into a master-feeder structure to facilitate investments from U.S. 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. We also create 'fund-of-one' structures for specific institutional clients, such as pension funds. 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.[8]

As of 31 December 2021, our AUM comprised of US$644 million in co-mingled fund products (including funds where the Group is a sub-investment manager) and US$1,031 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 31 December 2021, our AUM included mandates deploying our relative value strategy and other volatility strategies developed by the Group.

## Market environment

The year of 2021 was overall a strong period for equity markets, with the MSCI World Total Return Hedged to US Dollars rising by +24.4%, a significantly higher return than its long-term average. During the fourth quarter, the MSCI World Total Return Hedged to US Dollars rose by +8.2%. Over the course of 2021, equities continued to be boosted by monetary policy stimulus from central banks and fiscal stimulus from government actions as well as strong economic growth and continued positive investor sentiment.

For a very long-term context, it is helpful to consider the MSCI World Total Return USD, which has returns from January 1970. As equities are a 'risk' asset, it is common to think about the excess return of equities relative to 'risk-free' assets, such as short-term high quality government debt, such as US 3-month Treasury Bills. Over the period of January 1970 to December 2021, risk-free rates, as proxied by US 3-month Treasury Bills, have fallen dramatically, from approximately 8% to approximately 0%.[9] As such it is useful to consider returns in excess of risk-free rates, i.e. in excess of US 3-month Treasury Bills.

Over the more than 50-year period from January 1970 to December 2020 the MSCI World Total Return USD has produced an annualized return of 3-month Treasury Bills +4.4%. During the year of 2021 the MSCI World Total Return USD produced an annualized return of 3-month Treasury Bills +21.8%, that is, over four times its long-term average annual return.[9]

*8. For the avoidance of doubt "managed accounts" may include a variety of legal structures, including but not limited to funds, managed accounts, and other investment management mandates. Each mandate is typically managed for a specific client relationship but may include multiple underlying investors.*

*9. Sources: True Partner, Bloomberg*

Despite seemingly large headline moves in equity indices, realized volatility has been lower than long-term averages, particularly in the US and Europe. For example, the S&P 500 has had realized volatility of 13.3% over the full year of 2021, well below its long-term (2006 to 2020) average realized volatility of 19.8%, and just over a third of its level in 2020 (34.4%).[9]

The VIX Index, which is a widely followed measure of US equity index implied volatility, fell from 22.75 at the end of 2020 to 17.22 at the end of 2021. However, the VIX is only indirectly tradable via derivatives. To look at the actual return of having long or short exposure to US equity index implied volatility, it is more appropriate to look at the cost of buying and rolling futures contracts linked to the VIX Index. A simple proxy for this can be found by looking at exchange-traded products that systematically buy and roll short-term VIX futures contracts. A large exchange-traded note providing exposure to VIX futures[10] was down by -33.4% in the fourth quarter of 2021 and down -72.4% over the full year of 2021.

The combination of low realized volatility and declining short-term implied volatility (relative to what was priced into markets already) provided a challenging backdrop for our relative value volatility trading strategy and our fund products finished with small losses in 2021 and negative performance over 2021.[3] This followed positive performance for our fund products in 2020.

During 2021, equity returns were strongest in the US and Europe, with a more mixed picture in Asia. In the US, the S&P 500 Total Return rose +28.7%, while the Nasdaq 100 Total Return rose +27.5%. In Europe, the Euro Stoxx 50 Total Return was up +23.3%, while the DAX Total Return was up +15.8% and the FTSE 100 Total Return up +18.4%. In Asia, the Taiex Total Return led gains, rising +27.1%. The S&P/ASX 200 Total Return rose +17.0%, the Nikkei 225 Total Return was up +6.3% and the Kospi 200 Total Return was up +3.2%. The Hang Seng and the Hang Seng China Enterprises Index ("**HSCEI**") had losses over 2021 as a whole, with the Hang Seng finishing down -11.9% and the HSCEI down -21.4%. The Hang Seng and HSCEI were not tradable by the Group's products during most of period of 2021 due to the indirect effects of US sanctions that restricted the trading of instruments with exposure to certain companies listed on the Hong Kong Stock Exchange. These markets were again tradable by the Group's products as of the end of the third quarter, following the introduction of physically settled options on futures by the Hong Kong Stock Exchange in late August 2021. However, in 2021, the period during which the Hang Seng and HSCEI were out of scope was the period in which the indices had the most volatility and suffered the bulk of their full year losses.

Equity markets were boosted by stronger than anticipated improvements in economic growth and corporate earnings, particularly in the US, assisted by a backdrop of continued extensive fiscal and monetary support. Earnings estimates, which historically on average tend to drift lower during the year, rose during 2021 as analysts upgraded forecasts. The shift in the median economic projections of US Federal Reserve Board members and Federal Reserve Bank presidents participating in the Federal Open Market Committee ("**FOMC**") meeting is one illustration of the degree of the positive surprise in growth.

At the FOMC meeting on 16 December 2020, the median projection for real GDP growth in 2021 was 4.2%, to be followed by 3.2% growth in 2022. This was revised up to a median projection of growth of 5.5% in 2021 and 4.0% growth in 2022 by its 15 December 2021 meeting.[11] Over the same period, the median projection for the unemployment rate at the end of 2021 fell from 5.0% at the 16 December 2020 meeting to 4.3% as of the 15 December 2021 meeting. The median projection for the end of 2022 fell from 4.2% to 3.8%, with 3.8% being below the 4.0% median estimate of the long-run neutral rate of unemployment.[12]

*10. The iPath Series B S&P 500 VIX Short-Term Futures ETN*

*11. With respect to changes during the fourth quarter of 2021, the median projection for 2021 growth fell from 5.9% as of the 22 September 2021 meeting to 5.5% as of the 15 December 2021 meeting. However, over the same period the median projection for 2022 growth rose from 3.8% to 4.0%.*

*12. Source: Federal Reserve. See the following links:*
*December 2021 projections: https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20211215.pdf*
*September 2021 projections. https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20210922.htm;*
*December 2020 projections: https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20201216.htm*

# DUTCH MASTERS


*'The milkmaid' (circa 1660) is one of many domestic interior scenes crafted by Johannes Vermeer*

Over the course of the year, estimates of inflation rose significantly. The median projection for PCE inflation in 2021 rose from 1.8% as of the 16 December 2020 meeting to 5.3% at the 15 December 2021 meeting. The median projection for core PCE inflation in 2021 rose from 1.8% to 4.4% over the same period. The projections for 2022 also increased, with the median projection for core PCE inflation rising from 1.9% as of 16 December 2020 to 2.7% as of 15 December 2021. This indicated that inflation was not only expected to be higher in 2021 (which by mid-December 2021, was largely also confirmed by actual data) but that inflation was also viewed to be more persistent than thought at the outset of 2021. During the fourth quarter specifically, the median projections rose across multiple inflation metrics.


*The Dutch marine painter Willem van de Velde (II) created 'Dutch ships in calm' circa 1665*

Entering 2022, valuations in several major equity markets including the S&P 500 remained at elevated levels when compared to longer-term averages.[9] For example, Nobel Prize winner Robert Shiller's long-term valuation metric, the cyclically adjusted price/earnings ratio, stood at 37.4 as of December 2021, or 40.8 using his total return cyclically adjusted price/earnings ratio, both around double their very long-term averages (using data from 1881 onwards).[13] Looking at a wider range of valuation measures for the S&P 500 over the 16 year period from 1 January 2006 to 31 December 2021, as of 31 December 2021 each of the price to earnings ("**P/E**") ratio, the long-term P/E ratio and the 12-month forward P/E ratio was in the most expensive 10% of observations relative to the period from 1 January 2006 to 31 December 2021 (based on weekly data), with an average percentile of 95%.[9]

Outside of equities, government bonds in aggregate had losses over the year. The Bloomberg Global Aggregate Government Total Return Index Hedged to US Dollars was down -1.6% over the period. The US 10-year government bond yield rose from 0.91% to 1.51%. The Bloomberg US Treasury Total Return Index was down -2.3% during the year, with losses driven by a notable drawdown of -4.3% in Q1, its worst quarterly return since 1980,[9] followed by a recovery in the second quarter and small gains in each of the third quarter and the fourth quarter.

Outside of the US, the German 10-year government bond yield rose from -0.57% to -0.18% over the year. The Bloomberg Euro Aggregate Treasury Germany Total Return Index was down -2.7% for 2021, with negative returns in each of the first quarter, second quarter and third quarter and a small gain in the fourth quarter.[14] Japanese yields saw a smaller change, with the 10-year government bond yield rising from 0.02% to 0.07% during 2021. Implied volatility in US government bonds rose over the year, with a sharp rise during the first quarter, a retreat in the second quarter, small rise in the third quarter and then a move higher in the fourth quarter.[15] However, the move higher in government bond yields and perceived risk in fixed income (i.e. a higher level of implied volatility) was largely shrugged off by equity markets.

The Covid-19 pandemic remained an ongoing human tragedy over 2021. with over 3.5 million deaths globally from Covid-19 over the period, close to double the total number of deaths in 2020 (1.9 million). Each of the first,

*13. Source: Robert Shiller's website: http://www.econ.yale.edu/~shiller/data.htm*

*14. Based on the return of the Bloomberg Germany Government All Bonds Total Return Index, in local currency (euros). Sources: Bloomberg, True Partner*


second and third quarters of 2021 saw more deaths per quarter than any quarter during 2020. Even in the US, where vaccinations have been widely available for some time, deaths in 2021 have exceeded the rate seen in 2020, with over 475,000 deaths during 2021 as compared to just over 350,000 in 2020.[16]

At the same time, significant progress in vaccination programs (over 500 million doses administered in the US alone during 2021)[9] and shifts in policy in many of the world's most economically important countries has enabled a major increase in economic activity and a significant reduction in restrictions on activities. Combined with continued fiscal and monetary stimulus, the net effect has been that despite its tragic human toll, the pandemic has had much less impact on global equity markets.

*15. Source: Bloomberg, referencing the ICE BofA MOVE Index. This index is a yield curve weighted index of the normalised implied volatility on 1-month Treasury options. It is the weighted average of volatilities on the 2 year, 5 year, 10 year and 30 year US Treasuries.*

*16. Source: Bloomberg*


*Living and working in the city of Haarlem (the Netherlands), Frans Hals painted 'The Meagre Company' circa 1633-1637*

## Investment performance

The year 2021 was challenging for our strategies. The Group's relative value strategy, as implemented in the Group's longest running fund vehicle, the True Partner Fund, has historically had its strongest performance during periods in which equities have declined and volatility has risen, so the broad market backdrop was not favourable for our investment approach over the year 2021. There were also some more idiosyncratic factors that proved challenging, including in January 2021.

After rising +7.2% in 2020, the True Partner Fund, our longest running strategy, was down -10.3% for the year of 2021. Most of the loss came during the first half of the year, when the True Partner Fund was down -8.0%, largely driven by a difficult first quarter. The second half of the year saw better relative performance, with the Fund down a little over 2% despite the continuation of a challenging market backdrop overall, as illustrated by for example the MSCI World Hedged to US Dollars being up +8.9% over the second half and an ETN investing in short-term VIX futures being down -37.0% over the same period.[17]

While the return over the year was disappointing and well below the long-term average, the True Partner Fund has seen other difficult periods in the past, including in 2013, 2014, 2017 and in 2019, and we remain confident in our investment approach. While it is important to remember that past performance is not necessarily a guide or indicator of future performance, it is an interesting to observe that all these periods were followed by periods of strong performance, specifically in 2015, 2018 and 2020.

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 31 December 2021, the True Partner Fund, the Group's longest running fund product[3] 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 are comprised of hedge funds trading different types of volatility strategies. Over the same inception to date period, considering the whole period from July 2011 through 31 December 2021, 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 are derived from both management fees and from performance fees. Revenues for 2021 were HK$58.9 million. This compares to revenues of HK$132 million for 2020. During 2020, the Group's investment products saw strong performance and as a result generated both management fees and significant performance fees. During 2021, the Group's revenue from management fees was relatively stable when compared to the same period in 2020; however, the Group did not generate performance fees.

General and administrative expenses were HK$74.6 million in 2021, as compared to HK$70.2 million in 2020. The rise in expenses was primarily due to a rise in other expenses, partially offset due to lower remuneration costs. The overall number of personnel was higher in 2021 as compared to 2020, but remuneration costs overall declined as a result of a reduction in bonus accruals as compared to 2020. Performance based incentives are a common feature of hedge fund business models and lower bonus accrual reflect lower investment performance in 2021 as compared to 2020.

The Group's loss/profit before income tax was a loss of HK$24.5 million in 2021, as compared to a profit of HK$38.1 million in the comparable period in 2020. Loss/profit attributable to owners of the company was a loss of HK$26.0 million in 2021 (after tax), as compared to a profit of HK$26.1 million in 2020. The Group's comprehensive income attributable to owners of the company was a loss of HK$25.8 million in 2021 as compared to a profit of HK$25.3 million in 2020.

*17. Sources: True Partner, Bloomberg. The ETN referred to is the iPath Series B S&P 500 VIX Short-Term Futures ETN*

## Non-HKFRS Measures – Adjusted Net Loss/Profit and Adjusted Loss/Earning Per Share

In order to supplement the Group's consolidated financial statements, which are presented in accordance with HKFRS, the Group also uses Adjusted Net Loss/Profit (defined below) and Adjusted Loss/Earnings Per Share (defined below) as additional financial measures. The Group presents these financial measures because they are used by the management of the Group to evaluate the Group's financial performance by eliminating the impact of certain items that the Group does not consider to be indicative of the Group's underlying performance during the Reporting Period. The Group also believes that these non-HKFRS measures provide additional information to investors and others in their understanding and evaluating the Group's results of operations in the same manner as they help the Group's management and in comparing financial results across accounting periods and to those of the Group's peer companies. However, these non-HKFRS measures do not have a standardized meaning prescribed by HKFRS and therefore they may not be comparable to similar measures presented by other companies listed on the Hong Kong Stock Exchange.

During 2020, the Group undertook preparatory work in advance of its listing on the GEM market of the Hong Kong Stock Exchange on 16 October 2020. During 2020 the Group incurred HK$13.1 million in related listing expenses, which resulted in

*Reconciliation of Adjusted Net (Loss)/Profit*

| | *For the year ended 31 December* | |
|---|---|---|
| | 2021 (HK$'000) | 2020 (HK$'000) |
| (Loss)/profit attributable to owners of the Company | (26,020) | 26,149 |
| *Add back: listing expense* | – | 13,094 |
| **Adjusted Net (Loss)/Profit** | (26,020) | 39,243 |

*Comparison: (Loss)/Earnings per share*

| | *For the year ended 31 December* | |
|---|---|---|
| | 2021 (HK$'000) | 2020 (HK$'000) |
| (Loss)/profit attributable to owners of the Company | (26,020) | 26,149 |
| *Divided by: Number of Ordinary Shares* | 400,000,000 | 321,038,251 |
| **(Loss)/earnings Per Share (HK cents)** | (6.51) | 8.15 |

*Reconciliation of Adjusted Loss/ Earnings Per Share*

| | *For the year ended 31 December* | |
|---|---|---|
| | 2021 (HK$'000) | 2020 (HK$'000) |
| (Loss)/profit attributable to owners of the Company | (26,020) | 26,149 |
| *Add back: listing expense* | – | 13,094 |
| **Adjusted Net (Loss)/Profit** | (26,020) | 39,243 |
| *Divided by: Number of Ordinary Shares* | 400,000,000 | 321,038,251 |
| **Adjusted (loss)/earnings Per Share (HK cents)** | (6.51) | 12.22 |

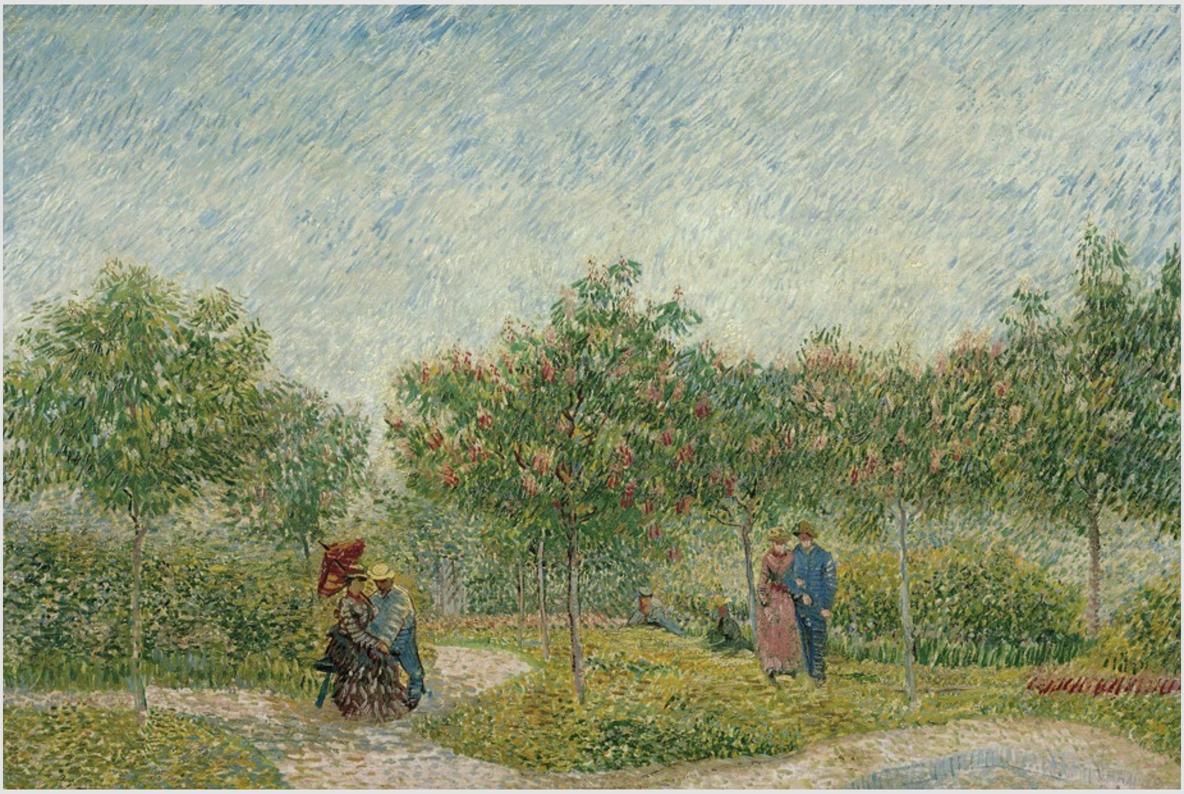
lower profits over the period. The Group did not incur listing expenses during 2021.

The Adjusted Net Loss/Profit, which is unaudited, represents loss/profit attributable to owners of the Company for the year adding back listing expenses (the "**Adjusted Net Loss/Profit**"). The Adjusted Net Loss/Profit of the Group for 2021 was a loss of HK$26.0 million as compared to an Adjusted Net Profit for the Group of a HK$39.2 million for the corresponding period in 2020. Non-HKFRS Adjusted (Loss)/earnings per share was a loss of 6.51 HK cents per share in 2021 as compared to an Adjusted Earnings of 12.22 HK cents per share in 2020. The Adjusted Loss/Profit Per Share is unaudited and represents Adjusted Net Loss/Profit divided by the total number of ordinary shares in issue (the "**Adjusted Loss/Earnings Per Share**").

In light of the foregoing limitations for other financial measurements, when assessing the Group's operating and financial performance, shareholders and investors should not consider Adjusted Net Profit and/or Adjusted Earnings Per Share in isolation or as a substitute for the Group's profit for the years, operating profit or any other operating performance measure that is calculated in accordance with HKFRSs. In addition, because such measures may not be calculated in the same manner by all companies, it may not be comparable to other similar titled measurements by other companies.


*The Dutch painter Jacob van Ruisdael had a long and productive career yielded a wide variety of landscape scenes like this 'Forest Scene', painted circa 1655*

# VINCENT VAN GOGH



*Vincent van Gogh - Garden with Courting Couples: Square Saint-Pierre* *Van Gogh Museum, Amsterdam (Vincent van Gogh Foundation)*

*Love many things, for therein lies the true strength.*
*And whosoever loves much performs much,*
*and can accomplish much,*
*and what is done in love is done well.*

*– Vincent Van Gogh –*

## Assets Under Management

The Group reports its assets under management in US dollars. US dollars are the base currency of most of the Group's fund vehicles and managed accounts. The Group had $1,675 million[18] in assets under management as of 31 December 2021. This compares to $1,585 million in assets under management as of 31 December 2020, representing an increase of $90 million or 6%. The changes over each of the periods referenced were driven by positive net inflows, partially offset by the effects of negative investment performance.

As of 31 December 2021, the Group had $644 million in assets under management in fund vehicles and $1,031 million in managed accounts. This compares to $1,019 million in assets under management in fund vehicles and $566 million in managed accounts as of 31 December 2020.

## 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 2021 and including the fourth quarter of the year, the team has been actively engaged with investors and prospects through webinars and on a one-on-one basis. This has included holding multiple webinars for the True Partner Fund, which have provided an opportunity to highlight the fund's positive performance in 2020 and to explain the more challenging performance year-to-date in 2021. 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 have also held webinars for UCITS investors.

In addition, over 2021 we have been engaged with investors and prospective investors through third party events. The co-CIO of the True Partner Fund, Tobias Hekster, gave an interview to Context 365, a digital capital introductions service developed by the creators of the Context Summits, a leading alternative investments conference. Mr. Hekster was also a panellist at the Volatility Perspectives event organised by Bank of America and was a panellist at the Global Volatility Summit. The team also presented at the Morgan Stanley European Hedge Fund Forum. Co-CIO Govert Heijboer also participated on panels at the Futures & Options World ("**FOW**") Asia Hong Kong and FOW Asia Japan events, both virtual conferences targeted primarily at Asian investors. FOW is part of the Global Investor Group.

The Group also continued to engage with investors and prospects via newsletters and other pieces. We have also been actively engaged with our capital introduction partners over the period. We have been pleased to launch a new customized vehicle for an institutional client during the third quarter of 2021, whose assets under management are included under the "managed accounts" category above.

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 have been pleased with the way the Group has been able to adapt to remain highly engaged with investors and prospects.

During 2021, the Group has also been working on the expansion of its operations in Europe and Asia. This has 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. As part of this expansion we were pleased to welcome three new senior experienced professionals to the Group early in the year, including a new global CFO. A UK entity, True Partner Capital UK LLP, was established during the year, which will provide a platform to grow activities in the UK, with additional hires anticipated in 2022.

*18. 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*

## Technology developments

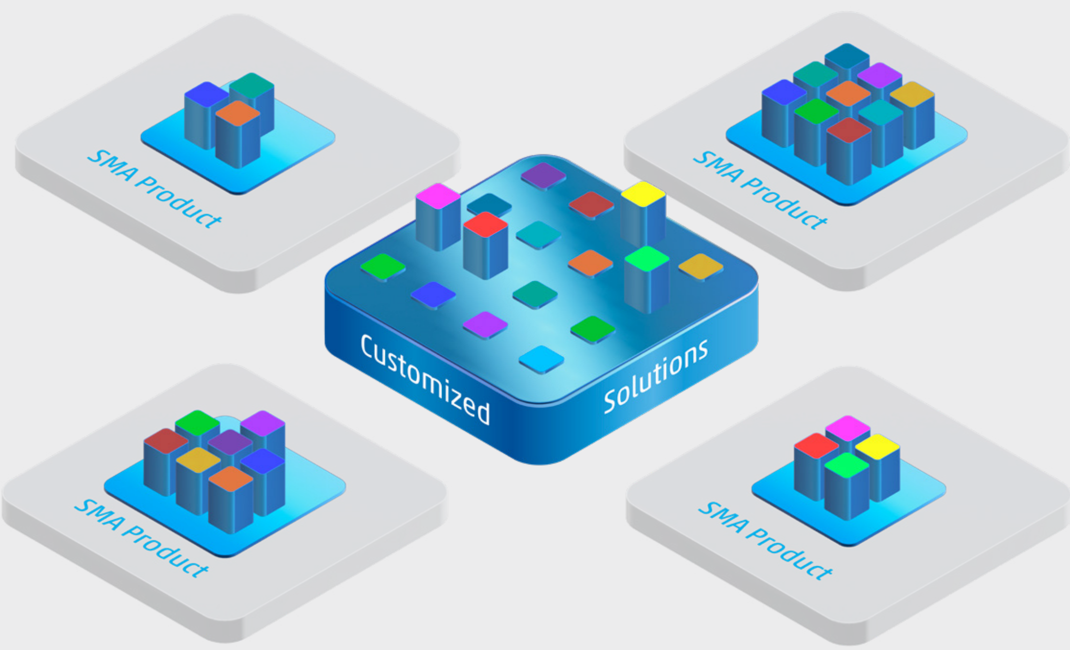
Our technology team remains focused on maintaining and incrementally further improving the key elements of our core proprietary systems, including the Typhoon Trader, our front-end trading system, Observatory, our real-time risk management system, Quant, our data warehouse and quantitative library, Solunar, our back-office system, and Nitro, which integrates our different modules into a centralised platform.

During 2021 we have focused on further improving the stability, redundancy, and security of both our infrastructure and our proprietary technology.


Customised Solutions are tailor made investment solutions based on investor's requirement and mandates, converted to products, called Structured Managed Accounts (SMA)

Looking at our infrastructure, in Q2 2021 we finalized the integration of our new Singapore datacentre into our global infrastructure adding additional redundancy for our Asian presence. During Q2 2021 we moved as well into our new office in Amsterdam to facilitate both our growing headcount in Europe as well as the expansion of our trading presence. In Q3 2021 the Singapore office was opened and this technology centre which will further contribute resources to our development, IT and research teams. Finally, in Q2 we started with the built-up of our new Amsterdam datacentre presences in accordance with the use of proceeds. We expect to fully integrate this new datacentre in early Q2 2022.

TAILOR MADE INVESTMENT SOLUTIONS



5 offices in 3 timezones covering 24hr global trading and service

operating global, virtual, local




CHICAGO

SINGAPORE

LONDON

HONG KONG

AMSTERDAM


On the trading system side, we have made further use of our global presence to optimize our order routing capabilities which allows us to utilize multiple access points globally and as such minimize the impact of potential disruptions. Support for new product types was added as well, allowing us to execute our strategies more efficiently. The technology team assisted as well in the on-boarding of the newly introduced managed accounts and funds which, due to the design and flexibility of our trading system, is a very straightforward process. Other new functionalities were added to the trading system as further improving the availability and visibility of data for the trading and risk management teams, allowing them to make better decisions. Lastly at the end of 2021 we migrated our trading system to a new platform which makes it easier for us to manage the redundancy, high-availability and security requirements that are becoming more important these days.

The Group believes that its proprietary technology remains a significant source of our advantage in markets and continues to invest in this area. We are actively exploring opportunities to deploy and further enhance our technology infrastructure together with our investment expertise in order to further expand our business activities. The Group has also further expanded its technology team over the year 2021.

## 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. Below we provide some brief observations on the current macro environment and potential implications for investors' approaches to portfolios.


*The famous Dutch seascape painter Ludolf Backhuysen crafted 'Ships in Distress off a Rocky Coast' in 1667 applying his typical use of dramatic lighting and color schemes*

We continue to believe that one important focus for many investors over the coming quarters will be the search for properly diversifying assets. 2020 has highlighted once again the potential for tail risks to quickly emerge and have major impacts on markets. The speed and magnitude of the recovery in equity markets to reach fresh all-time highs has also created dilemmas. We believe it has highlighted both the challenges and potential benefits of timing overall market exposures and resulted in fresh concerns about valuations. As of 31 December 2021, the S&P 500 stood over 50% higher than its level entering 2020, and more than double its low of 23 March 2020. As of 31 December 2021, the Nasdaq 100 was almost 90% higher than its level entering 2020, and more than 130% above its low on 20 March 2020.[9]

Meanwhile, it is now increasingly accepted that the inflation seen during the recovery in economic activity will be less transitory than many initially hoped. Focusing on the US as an example, widely followed inflation measures such as headline and core consumer price inflation, and measures that seek to exclude outliers, which tend to also be a focus for policy makers, have remained notably high in the US. Inflation expectations, as proxied by the University of Michigan surveys, have also risen.[19] We believe that the persistence of inflation is now starting to more meaningfully shift sentiment regarding potential policy outcomes.

That raises challenges for government bonds, with nominal yields below levels of inflation in the US, euro area, UK and (albeit marginally so) in Japan. At the end of 2021, 10-year bond yields in the US were up from their lows, but still below their level entering 2020, while CPI inflation was 7% year-on-year, as compared to 2.3% entering 2020. In Germany, 10-year bond yields were at similar levels (with negative yields) to those entering 2020, while euro area inflation sat at 5% year-on-year as compared to 1.3% entering 2020. 10 year inflation linked yields were strongly negative in both the US and Germany, at -1.1% in the US and -2.1% in Germany, reflecting investors' perceptions that government bonds are expected to deliver a negative return in real terms over the coming decade.[16] Central bankers and markets have begun to focus more on this, particularly during the fourth quarter, with the FOMC projections shifting to suggest multiple rate increases in 2022, though still a low terminal rate to the hiking cycle, particularly relative to current levels of inflation.


*Vincent Van Gogh has lived in both the Netherlands and France. He painted 'The Night Café' in 1888.*

As we noted at the end of 2020 and at the end of the first quarter, with government bonds typically being utilised as the "safer" portion of many traditional portfolios, the low level of bond yields and path ahead raises challenges for asset allocation. If government bond yields rise to levels closer to their long-run averages, this could result in losses for bond portfolios. This could also make equities look less attractive on a relative basis, particularly stocks whose valuations are most dependent on growth many years from now. This could in turn challenge equity markets. Rising cost pressures may also pressure corporate margins. 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.

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

*19. Source: University of Michigan Expected Change in Prices During the Next 5-10 Years (Bloomberg data)*

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

*21. 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.*

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 quarter 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%.[20] Focusing on the US, 2021 provides other examples of this shift. While there have been periods where equities have been negatively correlated to bonds, in each of late January, late February/early March, mid-May and late September equities and bonds have sold off together.[21]

Of course, looking at longer-term data, equities and bonds have had sustained periods of positive downside correlations in the past, such as in the 1970s, when equity and bond prices often fell together. A shift in investor sentiment towards bonds has the potential to increase investor demand for alternative diversifiers such as some volatility funds.

The rise in bond yields over the course of 2021 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. A more meaningful and persistent change in discount rates could be a potential risk factor for some parts of the equity markets.

As of 31 December 2021, equity valuations were at elevated levels relative to those seen over the last 15 years. Forward-estimates for economic growth and earnings reflect optimism about the economic recovery and reduction in Covid-19


*Like his Dutch father and his brother, Pieter Brueghel the Younger became a painter too and created the 'Winter landscape with a bird trap' circa 1565* related restrictions on activity. While we are glad to be seeing significant progress in the fight against Covid-19 in countries such as the US, the pandemic continues to be challenging in many parts of the world. The Omicron variant has thus far proved to be both more infectious and apparently milder than previous variants, which is raising optimism that the world can 'live with' Covid with a more manageable impact on health than that associated with previous variants. However, different parts of the world are in very different places with respect to Covid strategy. The emergence of new, more contagious variants, or the spread of Omicron to more countries could yet be a warning that Covid-19 will remain an ongoing public health challenge with ongoing impacts on global supply chains.

The US economy is expected to have seen strong economic growth over the whole of 2021, but with weaker growth in the fourth quarter of 2021 relative to mid-year expectations, due to the impact of the Omicron variant of Covid. Economic growth in the Euro area was negative in the first quarter but was positive in the second quarter, is expected to have been positive in the third quarter and is projected to be positive in the fourth quarter too, again despite some weakness relating to the Omicron variant of Covid. With monetary and fiscal policy stimulus already very high and expected to taper over time, future economic growth is likely to be more dependent on improvements in productivity. There is a risk that persistent costs emerge from the pandemic. For example, some production and transportation processes may see permanent shifts in capacity and costs as a result of necessary safety measures or shifts in labour market dynamics.

Within volatility markets, as of mid-January 2022 implied volatility was generally below long-term averages. Specifically, as of 11 January 2022, 30-day at-the-money implied volatility in the S&P 500 was 15%, below its 2006 to 2022 average of 17% and well below its 2020 peak of 78%. In Europe, Euro Stoxx 50 30-day at-the-money implied volatility was 16%, below its 2006 to 2022 average of 20% and well below its 2020 peak of 81%. In Japan, Nikkei 225 30-day at-the-money implied volatility was 19%, below its 2006 to 2022 average of 22% and well below its 2020 peak of 72% (itself below its peaks of over 100% in 2008). In Hong Kong, 30-day at-the-money implied volatility on the Hang Seng was at 16%, below its 2006 to 2022 average of 22%.[22] While levels of implied volatility are not necessarily directly indicative of the short-term opportunity set, low levels of implied volatility can potentially indicate some complacency in markets, which can lead to larger market reactions should unexpected events occur.

Of course, timing markets is difficult, and unusual valuations can sometimes persist for long periods. 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 customized 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. Should we see a shift away from bonds and towards alternative diversifiers such as hedge funds and customized mandates, our products could be well placed to benefit from increased investor demand for this kind of exposure.

*22. Based on 30-day implied volatility. Long-term average based on 1 Jan 2006 to 15 October 2021. 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. 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. During the period from the Listing Date to 31 December 2021, the net proceeds had been utilised as follows:

| | Actual net proceeds from the Listing HK$'000 | Actual amount utilised up to 31 December 2021 HK$'000 | Balance as at 31 December 2021 HK$'000 | Expected timeline for utilizing the remaining unused net proceeds (Note) |
|---|---|---|---|---|
| **Expansion of our operations:** | | | | |
| in Hong Kong | 26,403 | 379 | 26,024 | By 30 June 2023 |
| in Amsterdam, Netherlands | 20,610 | 5,366 | 15,244 | By 30 June 2023 |
| in London, United Kingdom | 10,711 | 368 | 10,343 | By 30 June 2023 |
| in Chicago, U.S. | 8,216 | – | 8,216 | By 30 June 2023 |
| Expansion through investment firm license from the AFM | 5,403 | 1,572 | 3,831 | By 30 June 2023 |
| Enhancement of our IT systems | 22,302 | 4,653 | 17,649 | 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 | 15,083 | 88,917 | |

Note:

From the Listing Date to 31 December 2021, the Group utilised approximately HK$15,083,000 of net proceeds, which was lower than the planned use of proceeds of HK$35,741,000.


*Johannes Vermeer crafted 'Girl with a Pearl Earring' in 1665 without any hard lines, called the sfumato technique*

For the expansion in Hong Kong, Amsterdam, London, and Chicago, 9 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 license was granted on 24 March 2022. The progress follows the original plan disclosed in the Prospectus. The Group has filed the AFM license on 16 July 2021 and utilized 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.

For the enhancement of our IT systems and the sales and marketing efforts noted on the schedule, please refer to the "Business development activities" and "Technology developments" sections of Management discussion and analysis ("**MD&A**") for the discussion of the progress and achievements the Group has made. Since the impact of COVID-19 and the continued social distance policy, the actual utilized amount is less than the planned amount as stated in the Prospectus.

For the sales and marketing activities, the planned use of proceeds has been fully utilized 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. We have been pleased with the way the Group has been able to adapt to remain highly engaged with investors and prospects and have been pleased to launch a new customized vehicle for an institutional client during the third quarter of 2021, whose assets under management are included under the "managed accounts" category above.

For the planned proceeds to be invested 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 assumption 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 the adverse impacts of the outbreak of COVID-19 on worldwide economies, the Board will continue to closely monitor the situation and evaluate the impacts on the timeline to utilized the unutilized proceeds and will keep shareholders and potential investors informed if there are any material changes.


*Rembrandt van Rijn painted 'The Mill' circa 1647*

## Dutch master artwork in this report

Page 9: Vincent van Gogh, Almond blossom, 1890
Dimensions: 73.3 x 92.4 cm
Van Gogh museum, Amsterdam, the Netherlands

Page 10: Jan Brueghel the Elder , Vase with flowers, circa 1600
Dimensions: 25,1 x 20,5 cm
Rijksmuseum Twenthe, Enschede, the Netherlands

Page 15: Johannes Vermeer, View of Delft, circa 1660-1661
Dimensions: 115.7 x 96.5 cm
Room 15, Mauritshuis, The Hague, the Netherlands

Page 17: Ludolf Bakhuysen, Rough Sea with Ships, 1697
Dimensions: 31.5 x 39 cm
Rijksmuseum, Amsterdam, the Netherlands

Page 18: Jacob Isaacksz van Ruisdael, The windmill at Wijk van Duurstede, circa 1659
Dimensions: 83 x 101 cm
Gallery of honour, Rijksmuseum, Amsterdam, the Netherlands

Page 21: Johannes Vermeer , The milkmaid, circa 1660
Dimensions: 45.5 x 41 cm
Gallery of honour, Rijksmuseum, Amsterdam, the Netherlands

Page 22: Willem van de Velde (II), Dutch Ships in a Calm Sea, circa 1665
Dimensions: 86.8 x 120 cm
Gallery of honour, Rijksmuseum, Amsterdam, the Netherlands

Page 24: Frans Hals and Pieter Codde, The Meagre Company, 1637
Dimensions: 233 x 452 cm
Gallery of honour, Rijksmuseum, Amsterdam, the Netherlands

Page 27: Jacob van Ruisdael, Forest Scene, circa 1655
Dimensions: 105.5 x 123.4 cm
West Building, Main Floor - West Stair Lobby, National Gallery of Art, Washington D.C., USA

Page 28: Vincent van Gogh, Garden with Courting Couples: Square Saint-Pierre, 1887
Dimensions: 75.0 cm x 113.0 cm
Van Gogh museum, Amsterdam, the Netherlands

Page 33: Ludolf Backhuysen, Ships in Distress off a Rocky Coast, 1667
Dimensions: 114.3 x 167.3 cm
West Building, Main Floor – Gallery 49, National Gallery of Art, Washington D.C.

Page 34: Vincent van Gogh, Le café de nuit (The Night Café), 1888
Dimensions: 72.4 x92.1 cm
Yale University Art Gallery, New Haven, Connecticut

Page 35: Pieter Brueghel the Younger, Winter Landscape with a Bird-trap, 1565
Dimensions: 37 x 55,5 cm
The Royal Museums of Fine Arts of Belgium, Brussels, Belgium

Page 38: Johannes Vermeer, Girl with a Pearl Earring, 1665
Dimensions: 39 x 44.5 cm
Room 15, Mauritshuis, The Hague, the Netherlands

Page 39: Rembrandt van Rijn, The Mill, 1645/1648
Dimensions: 88 x 106 cm
Collection: Widener Collection
West Building, Main Floor – Gallery 48, National Gallery of Art, Washington D.C., USA

## Dutch museums to visit

**Rijksmuseum Amsterdam**
P.O. Box 74888
1070 DN Amsterdam

info@rijksmuseum.nl
+31 (0) 20 6747 000

Visiting address
Museumstraat 1
1071 XX Amsterdam

rijksmuseum.nl

**Van Gogh Museum**
P.O. Box 75366
1070 AJ Amsterdam

info@vangoghmuseum.nl
+31 (0) 20 570 52 00

Visiting address
Museumplein 6
1071 DJ Amsterdam

vangoghmuseum.nl

**Het Mauritshuis**
P.O. Box 536
2501 CM The Hague

mail@mauritshuis.nl
+31 (0) 70 302 3456

Visiting address
Plein 29
2511 CS Den Haag

mauritshuis.nl

**Rijksmuseum Twenthe**

info@rijksmuseumtwenthe.nl
+31 (0) 53 201 2000

Visiting address
Lasondersingel 129
7514 BP Enschede

rijksmuseumtwenthe.nl

## About the artists

### Rembrandt van Rijn *1606 - 1669*

Rembrandt van Rijn was a Dutch 17th-century painter, and one of the most interesting artists of all time. His paintings are full of drama, contrasts between light and dark and experimental brushwork. They are famous all over the world.

Rembrandt was born as a millers son in Leiden. He learned to paint from artists Jacob van Swanenburg in Leiden and Pieter Lastman in Amsterdam. Around 1625 Rembrandt sets up as an independent artist in his hometown.

Later he moved to Amsterdam where he received numerous commissions for portraits. He trained 25 painters included Ferdinand Bol, Govert Flinck and Carel Fabritius. In this period, Rembrandt developed a more powerful chiaroscuro, a looser brush and a greater sense of drama. He focused more on historical scenes, and made numerous etchings and drawings.

He married the Amsterdam mayor's daughter, Saskia Uylenburgh, and they had a son Titus. After Saskia died he had a daughter, Cornelia, with his housekeeper Hendrickje.

He lost all his money and went bankrupt in 1656. But Rembrandt was recognised as a genius. He always had plenty of customers ordering paintings from him, right up to the end of his life. He is buried in an unmarked grave in Amsterdam's Westerkerk church.

### Vincent van Gogh *1853 - 1890*

Vincent Van Gogh was born in Zundert in the southern Netherlands as the son of a pastor. His uncles were art dealers and Vincent began his career working for them. After several years in the art trade, he worked as a lay preacher in England and later devoted time to missionary work in Belgium.

At the age of 27 he resolved to become an artist. At The Hague and Nuenen he painted still

lifes, landscapes and scenes from village life in sombre colours.

He moved around, teaching himself to draw and paint and receiving financial support from his brother Theo. In 1886, after a short period of study in Antwerp, Van Gogh moved to Paris to join Theo, and met many artists including Degas, Toulouse-Lautrec, Pissarro and Gauguin, with whom he became friends.

Influenced by Impressionism and Pointillism, he developed his characteristic style of separate streaks of paint and clear, vivid colours.

In 1888, Van Gogh moved to Arles in the South of France where he painted his famous series ‘Sunflowers’. He strove to respect the external, visual aspect of a figure or landscape but found himself unable to suppress his own feelings about the subject, which found expression in emphatic contours and heightened effects of colour.

Once hesitant to diverge from the traditional techniques of painting he worked so hard to master, he now gave free rein to his individuality and began squeezing his tubes of oil paint directly on the canvas.

Mental illness led to several periods in hospitals and swung between periods of inertia, depression and incredibly concentrated artistic activity, his work reflecting the intense colours and strong light of the countryside around him.

He invited Gauguin to join him but they soon began to quarrel and one night, Van Gogh threatened Gauguin with a razor. Deeply remorseful he then cut off part of his own ear.

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**Johannes Vermeer** *1632 - 1675*

Johannes Vermeer was a Dutch Baroque painter who is famous for his intimate household scenes of ordinary life with amazing light. In paintings by Vermeer, such as the famous Girl with a Pearl Earring and View of Delft, he managed to create calm, relaxed scenes. Time seems to stand still for a moment in his compositions. The characters in his paintings are often deep in thought.

He was the son of a silk worker who bought and sold art, lived and worked in Delft (the Netherlands) all his life. He was a moderately successful provincial painter in his lifetime.
Vermeer started working as a painter around 1654. His earliest works were history paintings, pictures of scenes from the Bible and from mythology.

It was only in the 1870s that he was rediscovered and 35 paintings identified as his. Since that time Vermeer’s reputation has grown, and he is now acknowledged as one of the greatest painters of the Dutch Golden Age, and is particularly renowned for his masterly treatment and use of light in his work.

Vermeer always spent a long time on every painting, so he did not complete many pictures. This is probably why he has left his wife and children in debt at his death.

## Jacob Isaacksz. van Ruisdael *circa 1628 - 1682*

The Haarlem-born painter Jacob van Ruisdael (ca. 1628-1682) began to paint at an early age. His first work dates from 1646. Ruisdael probably had lessons from his father, but his uncle, the artist Salomon van Ruysdael, must also have been a great influence on the young painter. As well as being a painter, Ruisdael was also a doctor. He painted not only woodland landscapes with strong, central motifs such as ruins, watermills and oaks, but also cityscapes and seascapes. Ruisdael's compositions are often more imposing than reality. His 'Bentheim Castle' and 'Windmill at Wijk bij Duurstede' are good examples of this.

Ruisdael travelled in order to get inspiration for his paintings. On these trips he made many drawings. There are also some etchings which he is known to have made. In the 1650s, probably around 1656, Jacob van Ruisdael moved to Amsterdam, where he lived and worked until his death in 1682.

## Frans Hals *circa 1582 - 1666*

Frans Hals, the most famous painter of the Golden Age to work in Haarlem, specialized in painting people.

Hals joined Haarlem's artist guild in 1610. This enabled him to set up his own studio, and take on pupils and assistants, among them Judith Leyster. His younger brother Dirck Hals was probably also an apprentice.

Many wealthy citizens of Haarlem, and even one or two from Amsterdam, commissioned him to paint their portraits. For the open market he made paintings of less prominent people: the village idiot, drunkards, laughing fishermen,

and children playing the flute or smoking. Frans Hals was a master in conveying vitality and movement. He painted people in action and was audacious enough to show them smiling in formal portraits.

He is renowned for his magnificent use of colour and virtuoso brushwork. As Vincent van Gogh, one of Hals's greatest admirers, famously wrote, 'Frans Hals must have had twenty-seven blacks'.

He died in 1666 and was buried at St Bavo's, Haarlem's principal church.

# Financial review

## Revenue

During the Reporting Period, revenue of the Group amounted to HK$58.9 million, representing a decrease of HK$73.1 million, or approximately 55% as compared with HK$132 million for the corresponding period of 2020. The decrease was primarily due to decrease in performance fees from its funds/managed accounts.

## Gross profit and gross profit margin

Gross profit of the Group for the Reporting Period was HK$52.4 million, representing a decrease of HK$67.4 million or 56% from HK$119.8 million for the year ended 31 December 2020. The decrease was primarily driven by a decrease in performance fees.

## General and administrative expenses

General and administrative expenses of the Group for the Reporting Period amounted to HK$74.6 million, representing an increase of HK$4.4million or approximately 6% from HK$70.2 million over the corresponding period of 2020. The increase in expenses was mostly due to an increase in other expenses, which was partially offset by a decline in remuneration costs. The overall number of personnel was higher in 2021 as compared to 2020 as the Group implemented its expansion plans as previously outlined in its Prospectus. Within remuneration, the additional costs of team growth were more than set by a decline in bonus accruals when compared to 2020, resulting in lower remuneration costs overall. Performance-based incentives are a common feature of hedge fund business models and the reduction in bonus accruals reflected weaker investment performance in 2021 when compared to 2020. Within other expenses, drivers of increased expenses included professional fees, sales and marketing and data expense.

## Gain on dilution of interest in an associate

The amount represents the dilution gain on the Group's investment in the associated company: Holland & Muh Investment Management Co., Ltd. ("**Holland & Muh**"). As at 26 March 2021, Holland & Muh issued and registered new shares to certain investors, the new capital was increased on 13 April 2021. Consequently, the Group's interest in Holland & Muh was diluted from 30% to 25%. The difference between (1) the decrease in the carrying value of the Group's interest in Holland & Muh resulting from the decrease in shareholding; and (2) the Group's share of the proceeds received for the new shares issued resulted in a dilution gain of approximately HK$90,000 and was recognised in the consolidated statement of profit or loss in 2021. The Group is able to exercise significant influence over Holland & Muh because after the dilution, the Company appointed one director out of three directors in Holland & Muh.

## 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. For the Reporting Period, share of loss of associates of the Group amounted to approximately HK$301,000, representing an increased loss of HK$424,000. This was primarily due to the business activity performance of the two associates impacted by less favorable 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$105,000, representing a decrease of HK$16,000 or approximately decrease of 13% for the corresponding period of 2020. This was primarily due to interest expense.

## Principal risks and uncertainties facing by 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 measure 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 ration 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 31 December 2021 and 2020, the Group has a net cash balance of HK$149.2 million and HK$156.4 million. The current ratio (current assets divided by current liabilities) of the Group was 16.63 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 31 December 2021 and 2020.

**Capital structure**

As at 31 December 2021, the Group's shareholders' equity and total number of shares issued were HK$205.4 million and 400 million shares, respectively.

## Charge on assets

As at 31 December 2021, 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 5 to the 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 utilize 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 optimize 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 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 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 year ended 31 December 2021.

## Future plan for material investments or capital assets

As at 31 December 2021, the Group had no specific plan for material investments or capital assets.

## Contingent liabilities

As at 31 December 2021, the Group has no material contingent liabilities.

## Dividends

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2021 (2020: HK$0.02 per share).

## Human resources management

As at 31 December 2021, the Group had a total of 29 employees (2020: 26). 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.

# Biographical details of directors and senior management

## Executive Directors

**Mr. Ralph Paul Johan VAN PUT ("Mr. van Put"),**

aged 55, is the executive Director and chief executive officer of the Company. He is also a member of the Remuneration Committee and Nomination Committee of the Company. Mr. van Put joined the Group in May 2011 and is primarily in charge of the Group's overall business development and management. He was appointed as the chairman of the Board on 16 March 2020. He is a director of several major subsidiaries of the Company.

Mr. van Put has over 27 years of experience in finance and particularly in proprietary trading. Mr. van Put has comprehensive knowledge in investment fund and trading technology and extensive experience in entrepreneurship. He is responsible for overseeing overall business development and day-to-day operations of the Group. The following table summarises Mr. van Put's professional experience prior to joining the Group:

| Name of company/institution | Principal business activities | Last position held | Responsibilities | Period of services |
|---|---|---|---|---|
| Sfiss Financial Technology B.V. ("**SFT**") commercially known as AtomPro (acquired by Saen Options Holding B.V. in June 2007) | Trading software | Founder and chief executive officer | Developed option trading and risk management software | March 1995 to June 2007 |
| Saen Options Holding B.V. (acquired by All Options International B.V. in March 2009) | Proprietary trading | Chairman and chief executive officer | Oversaw the overall business operations and expansion | September 1999 to June 2009 |
| Saen Options Holding Hong Kong Ltd. | Proprietary trading | Chief executive officer (Asia Pacific) | Oversaw the overall business operations and expansion of proprietary trading business in Asian market | June 2008 to March 2009 |
| All Options Hong Kong Limited | Derivative trading | Chief executive officer | Oversaw the overall business operations and expansion of proprietary trading business in Asian market | April 2009 to March 2011 |

Prior to joining the Group, Mr. van Put founded and managed SFT, a technology company providing software and tools for market makers. Mr. van Put immersed himself into both technology and trading business by serving as a chief executive officer in both SFT and Saen Options. Leveraging his experience in developing option trading and risk management software in SFT and directing the expansion of proprietary trading business in Saen Options, he has led the development of the proprietary trading technology system for trading, execution, portfolio management and risk management purposes.

Mr. van Put was an adjunct professor in the Department of Finance of the Chinese University of Hong Kong from April 2013 to July 2021 and an adjunct specialist professor in the Department of Finance of National Taiwan University from August 2012 to July 2016.

Mr. van Put obtained a bachelor's degree in Engineering from the School of Technology Inholland Alkmaar in the Netherlands in June 1991.

**Mr. Godefriedus Jelte HEIJBOER (alias: Govert HEIJBOER) ("Mr. Heijboer"),**

aged 46, is the executive Director and the co-chief investment officer of the Company. He is also a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Heijboer joined the Group in May 2010 and is co-responsible for all trading and fund management and research activities of the Group. He is a director of various subsidiaries of the Company.

Mr. Heijboer has over 18 years of experience in the area of proprietary trading and quantitative research. Prior to joining the Group, from July 2003 to September 2008, Mr. Heijboer worked in Saen Options Holding B.V., a derivative trading company, as a researcher, trader and the head of derivatives trading. He was mainly responsible for derivative trading in the major European markets. From September 2008 to March 2009, Mr. Heijboer was the head of trading in Saen Options Hong Kong Ltd. where he was responsible for managing trading activities. From April 2009 to January 2010, Mr. Heijboer was a senior trader in All Options Hong Kong Limited after All Options International B.V. acquired Saen Options Hong Kong Ltd. He was responsible for the trading activities in the Hong Kong office of All Options International B.V. With his diversified experience and knowledge across different trading areas, Mr. Heijboer's versatility offered immense value to the Group.

Mr. Heijboer obtained a master's degree in Applied Physics from University of Twente in the Netherlands in August 1998. In May 2003, Mr. Heijboer obtained a doctorate in Management Science from University of Twente.

**Mr. Tobias Benjamin HEKSTER ("Mr. Hekster"),**

aged 48, is the executive Director and the co-chief investment officer of the Company. Mr. Hekster joined the Group in August 2011 and is co-responsible for all trading and fund management and research activities of the Group. He is a director of various subsidiaries of the Company.

Mr. Hekster has over 23 years of experience in the area of proprietary trading. Prior to joining the Group, Mr. Hekster worked for IMC, a large-scale proprietary trading firm and market maker, for an extended period of time. He was a market maker in IMC Trading BV from January 1998 to December 1999 and a special products trader in the same company from January 2000 to February 2004 where he was responsible for developing and trading arbitrage strategies. From March 2004 to December 2007, Mr. Hekster was a senior supervising trader in Holland Trading House LLC (IMC Chicago), where he was involved in the development of an arbitrage strategy on a major American exchange-traded fund and managed its equity options trading operations. From February 2008 to February 2010, Mr. Hekster was a head of volatility arbitrage in IMC Asia Pacific Limited, one of the leading trading firms, where he was principally responsible for establishing a framework for high-frequency volatility arbitrage. In March 2010, Mr. Hekster founded and acted as a director of RVT Hong Kong Limited, a proprietary trading firm transacting equity index derivatives, where he developed trading strategy and infrastructure for dynamic volatility arbitrage between the main Hong Kong equity indices.

Mr. Hekster was an adjunct specialist professor in the department of finance in National Taiwan University from August 2014 to July 2016 and an adjunct associate professor in the department of finance in the Chinese University of Hong Kong from October 2014 to October 2017.

Mr. Hekster obtained a master's degree in Economics from University of Groningen in the Netherlands in November 1996.

**Mr. Roy VAN BAKEL ("Mr. van Bakel"),**

aged 44, is the executive Director and the chief technology officer of the Company. Mr. van Bakel joined the Group in May 2010 and is responsible for overseeing the information technology and development departments. He is also a director of various subsidiaries of the Company.

Mr. van Bakel has over 19 years of experience in the area of proprietary trading and technology development. Prior to joining the Group, Mr. van Bakel worked at Sfiss Financial Technology B.V., a company principally engaged in the development of trading software, as financial system developer from February 2002 to September 2006. Mr. van Bakel was a senior developer at Saen Options BV, a proprietary trading company, from October 2006 to May 2008 and worked as the head of software development and the chief technology officer of Saen Options Hong Kong Limited from June 2008 to March 2009. Mr. van Bakel became the senior developer of All Options Hong Kong Limited, a derivative trading company, from April 2009 to September 2009 after Saen Options Holding B.V. was acquired by All Options International B.V. in March 2009. Since October 2009, Mr. van Bakel has been the managing director of T8 Software Consulting, which became a wholly owned subsidiary of the Company on 19 May 2010.

Mr. van Bakel obtained his master's degree in Mathematical Sciences from the University of Twente in the Netherlands in February 2002.

## Independent Non-executive Directors

**Mr. Jeronimus Mattheus TIELMAN (alias: Jeroen TIELMAN) ("Mr. Tielman"),**

aged 59, is an independent non-executive Director. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Tielman is responsible for supervising and providing independent advice to the Board. Mr. Tielman joined the Company in March 2020.

Mr. Tielman is the founder and managing partner in QStone Capital, a boutique established in March 2016 that develops investment opportunities in the global waste-water treatment market and assists selected water recycling technology firms with fine-tuning their strategy, growing their business in Europe and India and arranging different types of growth finance. Prior to founding QStone Capital, Mr. Tielman founded IMQubator funds and IMQ Investment Management B.V., an independent asset management company and institutional fund in January 2009. He worked as a chief executive officer in IMQ Investment Management B.V. where he designed and developed an incubator for international, hedge and private equity funds until December 2015.

Mr. Tielman worked in ABN AMRO from August 1986 to May 2000 where he last served as a senior vice president and global head product development of ABN AMRO Asset Management. He was responsible for the development of investment funds for institutional-private banking and the retail markets served by ABN AMRO Asset Management. In May 2000, Mr. Tielman founded FundPartners B.V., where he served as a chief executive officer and was responsible for overseeing its development of independent institutional investment products until December 2004 when FundPartners was acquired by NIB Capital. Mr. Tielman worked as a director of pension business development in NIB Capital from January 2005 to January 2006 where he was involved with the development of pension business. From February 2006 to February 2008, he joined Cordares, a pension asset manager, as a managing director of commerce, strategy and innovation where he was responsible for coordinating the launch of new pension plan products and the introduction of alternative investment strategies. From April 2008 to December 2008, Mr. Tielman co-initiated the establishment of an international pension investment collaboration network and prepared the founding of IMQubator.

Mr. Tielman obtained a master's degree in Business Administration from the Erasmus University Rotterdam in the Netherlands in May 1986. He is a registered investment analyst in the Netherlands.

**Ms. Wan Ting PAI (alias: Jasmine Pai) ("Ms. Pai"),**

aged 38, is an independent non-executive Director. She is also the chairwomen of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Ms. Pai is responsible for supervising and providing independent advice to the Board. Ms. Pai joined the Company in March 2020.

Ms. Pai has over 15 years of experience in the area of auditing and financial and corporate management. Ms. Pai started her career at PricewaterhouseCoopers Taiwan from September 2006 to June 2009, where she held multiple roles as an auditor in IPO projects for listings on the Taiwan Stock Exchange. Ms. Pai was responsible for risk assessment of clients' going concern postulate and compliance. Her training and experience have equipped Ms. Pai with adaptability to engage in a wide variety of industries, amid fast paced business environments, where accounting principles and financial principles were subject to continuous changes. From October 2010 to September 2012, Ms. Pai worked as a senior analyst and a manager of the operating audit and analysis division in Top Victory Electronics (Taiwan) Co., Ltd, a subsidiary of a previously listed electronics manufacturer on the Hong Kong Stock Exchange where she was responsible for reviewing group financial documents, conducting analysis and forecast. From October 2012 to May 2018, Ms. Pai joined Taiwan Mobile Co., Ltd., a listed company on the Taiwan Stock Exchange, as a senior financial analyst and financial controller where she was responsible for preparing and analysing financial reports of the subsidiaries. During her tenure with these listed companies, Ms. Pai led operational discussions across multiple regions and subsidiaries which prepared her as a manager and as a leader with the ability to build exceptional relationships within these firms, both between different locations as between different departments. In December 2018, Ms. Pai joined Molly & Hank Co., Ltd. (KidsAwesome Museum) as a financial and administrative controller where she was responsible for the overall accounting and audit and the regulatory alignment until May 2021 when she became a partner CPA of Soul of Integrity CPAs Firm.

During her career, Ms. Pai has developed the necessary accounting and financial management expertise and accumulated a wealth in knowledge and experience in various crucial aspects of finance and accounting: preparing, reviewing and analysing audited financial statements, providing strategic management of the accounting and finance functions, directing accounting policies, procedures and internal controls, recommending improvements to safeguard the integrity of the company's financial information, managing and overseeing the relationship with independent auditors, overseeing financial systems implementations and upgrades, identifying and managing business risks and insurance requirements.

Ms. Pai obtained a bachelor's degree in Business Administration from National Chengchi University in Taiwan in June 2006. She was admitted as a certified public accountant in Taiwan in 2012.

**Mr. Ming Tak NGAI, (alias: Michael Ngai) ("Mr. Ngai"),**

aged 54, is an independent non-executive Director. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Ngai is responsible for supervising and providing independent advice to the Board. Mr. Ngai joined the Company in March 2020.

Mr. Ngai is the chairman of The Red Group, a corporation focusing on international business investment. He is also the chairman of Asia GreenTech Fund, President of Green Economy Development Limited (HKSE: 1315). Mr. Ngai is an independent non-executive director of each of Starlight Culture Entertainment Group Limited (HKSE: 1159) since May 2017, China Longyuan Power Group Corporation Limited (HKSE: 916, SZSE: 001289) since November 2021 and CRRC Corporation Limited (HKSE: 1766, SHSE: 601766) since December 2021.

Mr. Ngai is a member of the National Committee of the Chinese People's Political Consultative Conference, a Standing Committee member and Convener of the Heilongjiang Provincial Committee of the People's Political Consultative Conference, Fellow Commoner and Development Advisory Council Member of Clare Hall, University of Cambridge, and Council Member of The Hong Kong University of Science and Technology.

Mr. Ngai graduated from University of Cambridge in the U.K..

## Senior management

**Mr. Robert KAVANAGH ("Mr. Kavanagh"),**

aged 40, is the Head of Investment Solutions of the Group. Mr. Kavanagh joined the Group in December 2019 and has over 17 years of experience in the investment management industry, focused on hedge funds. Prior to joining the Group, he was an executive director at Goldman Sachs Asset Management, where he spent 15 years within the Alternative Investments & Manager Selection (AIMS) group and its predecessor group between July 2004 and November 2019. Mr. Kavanagh obtained a First Class (Honours) BSc in Philosophy and Politics from the University of Bristol in the UK in 2004. Mr. Kavanagh is also a CFA charter holder.

**Mr. Thorsten GRAGERT ("Mr. Gragert"),**

aged 46, is the head of research and development of the Group and is responsible for leading the development of trading technology. Mr. Gragert joined the Group in July 2018 and has 24 years of experience in the area of proprietary trading and software development. Prior to joining the Group, Mr. Gragert was the chief technology officer in Sfiss Financial Technology B.V., which was acquired by Saen Options Holdings B.V. in 2006, from October 1997 to September 2006. Acquiring Sfiss Financial Technology B.V., a technology company providing software and tools for market makers, Saen Options Holdings B.V. became a more competitive market maker by combining the technology expertise with trading expertise. Mr. Gragert was a master architect in All Options B.V. from April 2009 to May 2014 respectively. Mr. Gragert's experience in Sfiss Financial Technology B.V., a technology company providing software and tools for market makers and Saen Options, a market making company focusing on proprietary trading, enhanced his capability and knowledge across different aspects of trading. From June 2014 to July 2018, Mr. Gragert was a senior quantitative analyst of ING Group, where he was responsible for developing and maintaining a calculation engine. Mr. Gragert obtained a master's degree in Applied Mathematics from University of Twente in the Netherlands in December 1997.

**Mr. Remco JANSSEN ("Mr. Janssen"),**

aged 55, is the chief operating officer of the Group. Mr. Janssen is responsible for overseeing all operational aspects of the asset management activities. Mr. Janssen joined the Group in February 2012 and has 20 years of experience in software development. Prior to joining the Group, Mr. Janssen joined Generali Verzekeringsgroep NV as a software developer where he was responsible for the development of insurance policy management software from December 2001 to December 2002. Mr. Janssen was a senior developer in Sfiss Financial Technology B.V., Saen Options B.V. from December 2002 to September 2006 and from October 2006 to May 2009 respectively. From June 2009 to January 2012, Mr. Janssen joined All Options (Chengdu) Co., Ltd as a senior developer where he managed a team with regard to asset management and trading software development. Mr. Janssen obtained a bachelor's degree in Engineering from HAN University of Applied Sciences in the Netherlands in July 1988.

**Mr. Edward Joseph DONNELLAN III ("Mr. Donnellan"),**

aged 69, is the chief compliance officer of the Group who is responsible for regulatory and compliance matters. In January 2017, Mr. Donnellan was engaged by us as an independent compliance consultant on a part-time basis and subsequently joined the Group as chief compliance officer in July 2017. He has over 46 years of experience in the financial services profession. Prior to joining the Group, In September 1982, Mr. Donnellan joined Shatkin Trading Co. where he served in various capacities including being a director and vice president of its Chicago Mercantile Exchange office. Shatkin Trading Co. was acquired by LIT America, Inc and Mr. Donnellan was appointed as the senior vice president and general counsel from December 1987 to February 1990. In February 1990, Mr. Donnellan joined Sanwa Futures LLC, a global futures broker, as senior vice president and was appointed as president in March 1991.

He also served as executive vice president of its parent company, Sanwa Securities (USA) Co., L.P., a primary dealer in government securities. From April 1998 to July 1999, Mr. Donnellan was the president of Rock Island Company of Chicago, Illinois, a holding company of two broker-dealer operating companies. From April 2000 to July 2002, Mr. Donnellan was a principal and management consultant at Spectrum Synergetic Systems LLC. Mr. Donnellan joined TJM Brokerage, Inc, a broker dealer, and in March 2004, he co-founded the affiliate of TJM Brokerage, Three Zero Three Capital Partners LLC, as the managing principal. From June 2012 to March 2014, Mr. Donnellan was a senior vice president and chief compliance officer of ADM Investor Services, Inc, a futures clearing broker. From April 2014 to June 2017, Mr. Donnellan was a managing director and chief compliance officer at Mocho Trading LLC, a proprietary trading firm.

Mr. Donnellan obtained a degree of Bachelor of Arts in Liberal Arts and Sciences from the University of Illinois in May 1975 and a juris doctor degree from the John Marshall Law School in the United States in January 1982. Mr. Donnellan was admitted as a lawyer by the Supreme Court of Illinois in May 1982 and is authorized to practice law in Illinois, the USA.

**Mr. Hendrikus Jan KOPPE ( "Mr. Koppe"),**

aged 60, is the director of the Company's Dutch subsidiaries. Mr. Koppe joined the Group in January 2021 and has an extensive track record of senior executive operational management roles within financial industry. Mr. Koppe has a financial and legal background and very broad experience in the areas of cash and derivatives trading, clearing, business continuity & crisis management, marketing, sales and project management within an international business environment. From May 1987 to October 2002, Mr. Koppe started as a Trainee in NLKKAS (Dutch Commodity Clearing) and was promoted to director after the creation of Euronext to lead all clearing operations in Amsterdam as branch manager for Clearnet S.A. (Cash, Commodities and Equity derivatives). From October 2002 to September 2019, Mr. Koppe was a director in Euronext and was responsible for running the Euronext continental derivatives markets in Amsterdam, Paris, Brussels and Lisbon in index, equity, currency, commodity options & futures products. As the Director of clearing services, Mr. Koppe was the leader for the strong development of OTC trading within the exchange, leading front and back offices, leading the introduction of derivatives protection legislation in the Netherlands, reintroduction of the daily gong-ceremony and the implementation of MIFID II transaction reporting services. Mr. Koppe was educated at the HES in Amsterdam and received a BSc in Business Administration and Economics.

**Mr. Paul Miklos TANGSTRØM ( "Mr. Tangstrøm"),**

aged 52, is the director of the Company's Dutch subsidiaries. Mr. Tangstrøm joined the Group in January 2021 and has over 20 years of experience in the area of market making, portfolio risk and compliance. Mr. Tangstrøm started his career in trading on the exchange floor of the European Options Exchange (Euronext). In August 1992, as market maker in equity options, Mr. Tangstrøm moved to Germany to continue trading on the Deutsche Termin Börse (now known as Eurex). From May 1999 to June 2007, Mr. Tangstrøm was with the trading software developer Sfiss Financial Technology B.V. as a sales manager. The growth of the company was greatly propelled by the transition from pit trading to screen based electronic trading. In September 2006, when Sfiss Financial Technology B.V. was acquired by Saen Options, Mr. Tangstrøm resumed trading at the newly formed arbitrage desk. In May 2011 Mr. Tangstrøm joined Danish software developer Simcorp as a consultant where he supported some of the largest Western European pension funds with their investment management systems. From August 2018 to March 2019, Mr. Tangstrøm was with a Dutch MTF exchange as Relationship Manager. Mr. Tangstrøm holds a BBA from Nyenrode Business University.

**Ms. Hsing Chuan YU ("Ms. Yu")**

aged 35, is the global chief financial officer of the Group and is responsible for the overall financial management of the Group. Ms. Yu joined the Group in January 2021. Ms. Yu has over 13 years of experience in auditing and financial and corporate management. After receiving her BSc degree in accounting at National Taiwan University, Ms. Yu started her career as an auditor at PricewaterhouseCoopers from September 2008 to October 2015. In October 2016, after working as a financial controller at a pharmaceutical firm, she continued her career as the assistant internal audit manager of a Hong Kong listed company. Here she gathered extensive working experience with the Audit Committee of the Board of Directors and conducted operational and financial audit, internal control and risk &

compliance of business processes. From February 2020 to December 2020, she worked as a Senior Internal Auditor at a Euronext listed food processing machine manufacturer. Besides her BSc in accounting, Ms. Yu holds a MBA of the Rotterdam School of Management, Erasmus University in the Netherlands.

**Ms. Kit Man WONG (alias: Doris Wong) ("Ms. Wong"),**

aged 39, is the chief financial officer, Asia Pacific of the Group. Ms. Wong has over 18 years of experience in financial and accounting. From April 2003 to October 2003, Ms. Wong was an accounts clerk at International Credit Management Consultancy Limited, where she was mainly responsible for accounting and administration duty for business needs. From December 2003 to September 2011, Ms. Wong worked in Primasia Corporate Services Limited where she served as an accountant.

Ms. Wong joined the Group since September 2011 as an accountant and was later promoted to finance manager and subsequently chief financial officer of APAC region to cooperate with global chief financial officer in the Group's financial administration. Ms. Wong obtained a bachelor's degree in Business from the University of Technology, Sydney in October 2003. Ms. Wong was admitted as a member of Association of Chartered Certified Accountants in March 2013.

## Company secretary

**Ms. Yuet Chew Grace SIOW ("Ms. Siow"),**

aged 55, is the company secretary of the Company responsible for the corporate secretarial functions of the Group. She is currently the director of corporate services of Tricor-Alpha Corporate Secretarial Services Limited, a member of Tricor Group. Ms. Siow has been an associate member of The Chartered Governance Institute ("**CGI**") (formerly "The Institute of Chartered Secretaries and Administrators") and The Hong Kong Chartered Governance Institute ("**HKCGI**") (formerly "The Hong Kong Institute of Chartered Secretaries") since 9 May 1994 and 1 August 1994, respectively. Ms. Siow was also awarded the Chartered Governance Professional qualification of CGI and the HKCGI on 30 September 2018.

Ms. Siow obtained a Master of Business Administration from the University of Stirling in the United Kingdom.

# Corporate governance report

## Corporate governance practices

The Group is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company (the "**Shareholders**"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Group has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules. To the best knowledge of the Directors, the Group has complied with all the applicable code provisions of the CG Code during the year ended 31 December 2021, except for the deviation from code provision C.2.1 of the CG Code, which is explained in the relevant paragraph of this report.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and regulations and the CG Code and align with the latest developments.

## 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. Special enquiry has been made to all the Directors and each of the Directors gave confirmation that he/she was in compliance with the Code of Conduct during the year ended 31 December 2021.

## Board of directors

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

### Board Composition

The Board currently comprises seven Directors, consisting of four executive Directors, namely Mr. Ralph Paul Johan van Put, Mr. Godefriedus Jelte Heijboer, Mr. Tobias Benjamin Hekster and Mr. Roy van Bakel and three independent non-executive Directors, namely Mr. Jeronimus Mattheus Tielman, Ms. Wan Ting Pai and Mr. Ming Tak Ngai.

Each of the Directors' respective biographical details is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report. Save as disclosed in the aforesaid section, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executives.

## Chairman and Chief Executive

Code provision C.2.1 as set out in Appendix 15 to the GEM Listing Rules stipulates that the roles of 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.

## Independent non-executive Directors

During the year ended 31 December 2021, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors namely Mr. Jeronimus Mattheus Tielman, Ms. Wan Ting Pai and Mr. Ming Tak Ngai fulfill the independence guidelines set out in the GEM Listing Rules.

## Appointment and Re-election of Directors

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years and such letter of appointment may be terminated by either party giving at least one month's notice in writing. Also, the independent non-executive Directors are subject to re-election on retirement by rotation at the annual general meeting in accordance with the Articles of Association of the Company.

All the Directors of the Company are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three of a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment. The retiring Directors shall be eligible for re-election.

### Responsibilities of the Directors

The Board is entrusted with the overall responsibility for promoting the success of the Company by providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations. The Board is responsible for all decision-making in respect of all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control systems, risk management systems, material transactions (in particular those may involve conflict of interests), financial information, change of Directors, ad hoc projects and other significant financial and operational matters. The Board has the full support of the management of the Group to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are currently delegated to the executive Directors by the Board and the senior management of the Group. The delegated functions and work tasks are periodically reviewed.

Approval has to be obtained from the Board prior to any significant transactions. All Directors have full and timely access to all relevant information of the Company, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is able to seek independent advice in appropriate circumstances at the Company's expense, upon making request to the Board.

In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this report.

The Company has arranged appropriate liability insurance coverage for all the Directors and officers of the Group, including company securities, employment practices, regulatory crisis event, investigation, litigation, tax liabilities and public relation, etc., which is reviewed by the Board on a regular basis.

## Professional Development of the Directors

Pursuant to code provision C.1.4 of CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills as to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director receives comprehensive, formal and tailored induction at time around the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the Group structure, Board and Board committee meetings procedures, business, management and operations of the Group, etc. and that he/she is fully aware of his/her responsibilities and obligations under the GEM Listing Rules and applicable regulatory requirements.

Besides, the Company keeps circulating information and materials to develop and update Directors' knowledge and skills as and when appropriate. All the information and materials are relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities. There are also arrangements in place for providing continuing briefing and professional development to each Director. All Directors are encouraged to attend relevant training courses at the Company's expense.

The individual training record of each Director received during the year ended 31 December 2021 is set out below:

| Name of Directors | Attending training sessions on Directors' responsibilities and other related issues | Reading relevant materials on Directors' continuous responsibilities, corporate governance and other related issues |
|---|---|---|
| **Executive Directors** | | |
| Mr. Ralph Paul Johan van Put | ✓ | ✓ |
| Mr. Godefriedus Jelte Heijboer | ✓ | ✓ |
| Mr. Tobias Benjamin Hekster | ✓ | ✓ |
| Mr. Roy van Bakel | ✓ | ✓ |
| **Independent non-executive Directors** | | |
| Mr. Jeronimus Mattheus Tielman | ✓ | ✓ |
| Ms. Wan Ting Pai | ✓ | ✓ |
| Mr. Ming Tak Ngai | ✓ | ✓ |

## Board meetings

Regular Board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of the Directors. Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board meetings, reasonable notice is generally given.

Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors are given opportunities to include matters in the agenda for Board and committee meetings. The Board and each Director also have separate and independent access to the senior management where necessary.

After the meeting, draft minutes are circulated to all Directors for comments. Minutes of Board meetings and committees' meetings are kept by the company secretary and are available for inspection by the Directors at all times.

### Attendance Records of Directors

The attendance records of each Director at the Board, Board committee and general meetings held during the year ended 31 December 2021 are set out in the table below:

| Name of Directors | Board | Audit Committee | Nomination Committee | Remuneration Committee | Annual General Meeting |
|---|---|---|---|---|---|
| | Attendance/Number of Meeting | | | | |
| **Executive Directors** | | | | | |
| Mr. Ralph Paul Johan van Put | 5/5 | 4/4 | 1/1 | 2/2 | 1/1 |
| Mr. Godefriedus Jelte Heijboer | 5/5 | 4/4 | 1/1 | 2/2 | 1/1 |
| Mr. Tobias Benjamin Hekster | 5/5 | N/A | N/A | N/A | 1/1 |
| Mr. Roy van Bakel | 5/5 | N/A | N/A | N/A | 1/1 |
| **Independent non-executive Directors** | | | | | |
| Mr. Jeronimus Mattheus Tielman | 5/5 | 4/4 | 1/1 | 2/2 | 1/1 |
| Ms. Wan Ting Pai | 5/5 | 4/4 | 1/1 | 2/2 | 1/1 |
| Mr. Ming Tak Ngai | 5/5 | 4/4 | 1/1 | 2/2 | 0/1 |

The Chairman of the Board also held one meeting with the independent non-executive Directors without the presence of other Directors during the year.

Independent non-executive Directors have attended general meetings to gain and develop a balanced understanding of the view of shareholders.

## Board committees

To facilitate the work of the Board, the Board has established three Board committees to oversee specific aspects of the Group's affairs, namely the audit committee, remuneration committee and nomination committee. Each Board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each Board committee has also been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent profession advice in appropriate circumstances at the Group's expense.

### 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 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; (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 Audit Committee currently consists of three members, all three independent non-executive Directors, namely Mr. Jeronimus Mattheus Tielman, Ms. Wan Ting Pai and Mr. Ming Tak Ngai. Ms. Wan Ting Pai, who processes the appropriate professional qualifications as required under Rules 5.05(2) and 5.29 of the GEM Listing Rules, is the chairwoman of the Audit Committee.

The Audit Committee held four meetings to review, in respect of the year ended 31 December 2021, the quarterly, interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems, appointment of external auditors and engagement of non-audit services and relevant scope of works and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the Executive Directors.

## Remuneration Committee

The Company established a remuneration committee (the "**Remuneration Committee**") with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and the CG Code. The primary duties of the Remuneration Committee include (i) reviewing and making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) reviewing other remuneration-related matters, including benefits-in-kind and other compensation payable to the Directors and senior management; and (iii) reviewing performance-based remunerations and establishing a formal and transparent procedure for developing policy in relation to remuneration to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee currently consists of two executive Directors, namely Mr. Ralph Paul Johan van Put and Mr. Godefriedus Jelte Heijboer and three independent non-executive Directors, namely Mr. Jeronimus Mattheus Tielman, Ms. Wan Ting Pai and Mr. Ming Tak Ngai. Ms. Wan Ting Pai is the chairwoman of the Remuneration Committee. Details of the remuneration of Directors are set out in note 9 to the consolidated financial statements.

During the year ended 31 December 2021, the Remuneration Committee held two meetings to review the policy and the structure for the remuneration of all Directors and senior management and make recommendations to the Board on the remuneration packages of the Directors and senior management.

Pursuant to the code provision E.1.5 of the CG Code, the remuneration of the members of the Board and the senior management by band for the year ended 31 December 2021 is set out below:

| Remuneration Band | Number of Individuals |
|---|---|
| Nil to HK$2,000,000 | 10 |
| HK$2,000,001 to HK$4,000,000 | 1 |
| HK$4,000,001 to HK$6,000,000 | 4 |

Of the five individuals with the highest emoluments, four of them are our executive Directors. Details of the remuneration of each Director and the five individuals with the highest emoluments in the Group for the year ended 31 December 2021 are set out in note 10 to the consolidated financial statements, respectively.

## Nomination Committee

The Group established a nomination committee (the "**Nomination Committee**") with written terms of reference in compliance with B.3.1 of the CG Code. The primary duties of the Nomination Committee mainly include, (i) reviewing the structure, size and composition of the Board annually; (ii) developing and formulating relevant procedures for the nomination and appointment of Directors (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board on the appointment and succession planning of Directors; and (v) identifying individuals suitably qualified to become Board members and making recommendations to the Board to fill vacancies.

The Nomination Committee currently consists of two executive Directors, namely Mr. Ralph Paul Johan van Put and Mr. Godefriedus Jelte Heijboer and three independent non-executive Directors, namely Mr. Jeronimus Mattheus Tielman, Ms. Wan Ting Pai and Mr. Ming Tak Ngai. Ms. Wan Ting Pai is the chairwoman of the Nomination Committee.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2021, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the forthcoming annual general meeting of the Company. The Nomination Committee considered an appropriate balance of diversity perspective of the Board is maintained.

## Nomination Policy

The Board has adopted a nomination policy (the "**Nomination Policy**") which sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board in order to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

Pursuant to the Nomination Policy, when making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

(a) reputation for integrity;

(b) accomplishment, experience and reputation in the relevant industry and other relevant sectors;

(c) commitment in respect of sufficient time, interest and attention to the Company's business;

(d) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;

(e) the ability to assist and support management and make significant contributions to the Company's success;

(f) compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules for the appointment of an independent non-executive Director; and

(g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 December 2021, there was no change in the composition of the Board.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its effectiveness.

**Board Diversity Policy**

The Board has adopted a policy of the Board diversity (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board and is available on the website of the Company. Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Company considers diversity of Board members to be achieved through consideration of a number of aspects, including but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on merit, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board currently consists of six male members and one female member, with four executive Directors and three independent non-executive Directors, of ages ranging from 38 to 59. Furthermore, the Directors have a balanced mix of knowledge, skills and experience, including business management, financial management, marketing, brand management, audit, finance and investment. The Directors obtained degrees in various fields, including Engineering, Applied Physics, Mathematical Sciences, Business Administration, Economics and Philosophy.

The Nomination Committee considered that the Group achieved the objectives of its Board Diversity Policy and shall review the policy and measurable objective at least annually, and as appropriate, to ensure the continued effectiveness of the Board.

### Risk Committee

The Company established a risk committee (the "**Risk Committee**") on 19 December 2019. The primary duties of the Risk Committee are to identify the risk; quantify and assess the potential impact brought by the risk, evaluate and report risk; consider any mitigating factors; report the risk and direct timely action to manage those risks to which the Group and its clients are exposed.

As at 31 December 2021, the Risk Committee comprises Mr. Roy van Bakel, Mr. Godefriedus Jelte Heijboer, Mr. Tobias Benjamin Hekster, Mr. Paul Miklos Tangstrøm , Mr. Robert Kavanagh and Mr. Remco Janssen. The Risk Committee is chaired by Mr. Roy van Bakel.

The Risk Committee meets on an annual basis to assess policies and any risk occurrences, and meets when facts and circumstances warrant. During the year ended 31 December 2021, the Risk Committee held four meetings. In the meetings, the members reviewed, discussed and/or approved the issues and policy related to:

a. The Group's risk management framework and Internal Control Assessment;
b. Regular assessments on major risks;
c. Investment, operation and liquidity risk management;
d. Environmental, Social and Governance ("**ESG**") risks and mitigation with the updated Group ESG Policy;
e. Group treasury policy; and
f. Operation impact of COVID-19 and measures to mitigate the impact.

## Risk management and internal control

The Board has overall responsibility for maintaining effective and proper risk management and internal control systems and reviewing their effectiveness. Such systems are designed to identify, evaluate and manage risk exposures that may affect the efficiency and effectiveness of the Group's operations and provide reasonable assurance but not absolute assurance against material misstatement, rather than to eliminate the risk of failure to achieve business objectives, safeguard assets against unauthorised use or disposition and ensure proper maintenance of books and records for the provision of reliable financial information for public or internal use.

The management is primarily in charge of designing, implementing and monitoring the risk management and internal control systems. The Board is responsible for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving its strategic objectives, and overseeing the management in the design, implementation and monitoring of the risk management and internal control systems.

The Group has engaged external independent professional for providing the internal audit function and performing independent review of the adequacy and effectiveness of the internal control systems, including reviewing guidelines and policies which are implemented throughout our operation, and risk management practices with an aim to, among other matters, improve our Group's corporate governance. The external independent professional is also responsible for providing its findings and any recommendations, in respect of enhancing the Group's systems as appropriate, to the Audit Committee. Based on the findings and comments by the external independent professional and the

Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

In terms of management of credit risk, the Board has adopted credit risk management policies and procedures by monitoring the implementation of the debt collection procedure to ensure that follow-up action is taken to recover overdue debts. In terms of management of liquidity risk, the Board has adopted liquidity risk management policies and procedures by monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance our operations and mitigate the effects of fluctuations in cash flows.

The Group has established internal control procedures which provide the Board and employees with guidelines on assessing, reporting and disseminating inside information. In addition, inside information is disseminated to relevant personnel on a need to know basis, and the Group will review the existing policy and practice from time to time to ensure full compliance with the regulatory requirements.

The Group has no internal audit function currently. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit functions for the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit function.

## Corporate governance functions

The Board is responsible for performing the corporate governance duties as set out in the code provision A.2.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Rules 5.48 to 5.67 of GEM Listing Rules on Securities Transaction, Code of Conduct, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## Directors' responsibility for the consolidated financial statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and ensure that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the financial statements are published in a timely manner in accordance with the applicable laws and regulations. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report as annexed to this annual report.

## Auditor's remuneration

During the year ended 31 December 2021, the total fees paid/payable in respect of audit services and non-audit services provided by the Company's external auditor, PKF Hong Kong Limited, are set out below:

| Nature of service | Fees Paid / Payable HK$'000 |
|---|---|
| Audit Services | 1,102 |
| Non-audit Services | 384 |
| | 1,486 |

## Company secretary

Ms. Siow Grace Yuet Chew of Tricor Services Limited, which is an external service provider, has been engaged by the Company as its company secretary. The primary contact person at the Company is Mr. Godefriedus Jelte Heijboer, our executive Director.

During the year ended 31 December 2021, Ms. Siow has confirmed that she has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the GEM Listing Rules.

The biographical information of Ms. Siow is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

## Shareholders' rights

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

### Convening of extraordinary general meeting and putting forward proposals

Pursuant to article 64 of the Articles of Association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### Putting forward enquiries to the board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

The Shareholders may at any time send their enquiries and concerns to the Board in writing. The contact details are as follows:

Address: Suite 2902-03, 29/F, The Gateway Tower 2, Harbour City, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (For the attention of the Board of Directors)

Website:
https://www.truepartnercapital.com/contact

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## Investor relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business, performance and strategies. The Board strives to maintain on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The general meetings of the Company provide a forum for communication between the Board and the Shareholders. Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries. The Company has established a shareholders communication policy to set out the Company's procedures in providing the Shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company and ensuring that shareholders' views and concern are appropriately addressed.

In addition, to promote effective communication, the Company maintains a website at www.truepartnercapital.com, where up-to-date information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

## Constitutional documents

During the year ended 31 December 2021, the Company has not made any changes to its Memorandum and Articles of Association. An up-to-date version of the Company's Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

# Director's report

The Directors are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

## Principal activities

The Company is an investment holding company. The Group is principally engaged in fund management business and providing consultancy services. The activities of its principal subsidiaries of the Company are set out in note 36 to the consolidated financial statements.

## Business review

The business review of the Group for the year ended 31 December 2021 is set out in the sections headed "Chairman's Letter" and "Management Discussion and Analysis" of this annual report.

The Group complies with the requirements under the Companies Ordinance, the GEM Listing Rules and the SFO for the disclosure of information and corporate governance.

## Results and dividends

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 122 of this annual report.

No interim dividend was paid during the year ended 31 December 2021. The Board has resolved not to recommend payment of any final dividend for the year ended 31 December 2021 (2020: HK$0.02 per share).

## Financial summary

A summary of the published results and assets and liabilities of the Group for the last four financial years, as extracted from the audited financial statements, is set out on page 182 in this annual report. This summary does not form part of the consolidated financial statements.

## Revenue and segment information

The revenue and segment information for the year ended 31 December 2021 are set out in note 5 to the consolidated financial statements.

## Plant and equipment

Details of movements in the plant and equipment of the Group during the year ended 31 December 2021 are set out in note 14 to the consolidated financial statements.

## Major customers and suppliers

During the year ended 31 December 2021, revenue derived from the Group's five largest customers accounted for approximately 98.4% (2020: 99.0%) of the Group's total sales and the largest customer included therein amounted to approximately 45.2% (2020: 45.8%).

During the year ended 31 December 2021, purchases from the Group's five largest suppliers accounted for approximately 14.1% (2020: 17.7%)

of the Group's total purchases and purchase from the largest supplier included therein amounted to approximately 4% (2020: 10.3%).

None of the Directors, or any of their associates or any Shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers.

## Share capital and share option schemes

Details of the Company's share capital and share option schemes are set out in notes 25 and 26 to the consolidated financial statements respectively.

## Share option schemes

### Pre-IPO Share Option Scheme

The Company has conditionally adopted a Pre-IPO Share Option Scheme pursuant to the written resolutions of all shareholders passed on 13 February 2020 which all options were granted on 14 February 2020, prior to the Listing Date (the "**Pre-IPO Share Option Scheme**"). Details of the Pre-IPO Share Option Scheme are set out in note 25 to the consolidated financial statements.

As at 31 December 2021, 7,947,488 share options remained outstanding. 1,050,316 share options were lapsed due to an employee's resignation during the year. As at 31 December 2020, 8,997,804 share options remained outstanding.

### Share Option Scheme

The Company has also conditionally adopted a share option scheme (the "**Share Option Scheme**") pursuant to the written resolutions of all shareholders passed on 22 September 2020. The conditions of which have been fulfilled. The Share Option Scheme shall be valid and effective for the period of ten years commencing on 22 September 2020, being the date on which the Share Option Scheme was adopted. As at the date of this report, there is remaining life of over 8 years of the Share Option Scheme. Since the date of adoption to 31 December 2021, no share option was granted, exercised, outstanding, cancelled or lapsed under the Share Option Scheme.

### The purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to enable the Company to grant options to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the Group.

### The participants of the Share Option Scheme

Under the Share Option Scheme, the Board may, at its discretion, make an offer to any person belonging to the following classes of participants (the "**Eligible Participants**") share options to subscribe for shares of the Company:

(i) any employee or proposed employee (whether full time or part time, including any executive director), consultants or advisers of or to the Company, any subsidiary or any entity (the "**Invested Entity**") in which any member of the Group holds any equity interest;

(ii) any non-executive director (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of any member of our Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; and

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity; for the purposes of the Share Option Scheme, the offer may be made to any company wholly owned by one or more Eligible Participants.

**The total number of Shares available for issue under the Share Option Scheme**

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue at the time dealings in the shares first commence on the Stock Exchange, i.e. 40,000,000 Shares (i.e. 10% of the total shares in issue at the date of this annual report).

**The maximum entitlement of each participant under the Share Option Scheme**

Subject to certain circumstances relating to the grant of options to a substantial shareholder, an independent non-executive director or any of their respective associates, the total number of Shares issued which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a grantee under the Share Option Scheme would result in the Shares allotted and issued and to be allotted and issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of the Group in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such grantee and his close associates (or his associates if such grantee is a connected person (as defined in the GEM Listing Rules) abstaining from voting.

**The period within which the Shares must be taken up under an option**

The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Share Option Scheme.

**The minimum period for which an option must be held before it can be exercised**

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

**The amount, if any, payable on application or acceptance of option and the period within which payments or calls must or may be made or loans for such purposes must be repaid**

An offer shall have been accepted by an Eligible Participant with a remittance in favour of the Company of HK$1 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

**The basis of determining the exercise price**

The subscription price in respect of any option shall be at the discretion of the Directors, provided that it shall not be less than the highest of:

(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;
(b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and
(c) the nominal value of the Share.

No share option has been granted under the Share Option Scheme since its adoption. Accordingly, as at the date of this annual report, there was no share option outstanding under the Share Option Scheme.

## Pre-emptive rights

There is no provision for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under the Companies Law in the Cayman Islands.

## Related party transactions and connected transactions

Details of the significant related party transactions and connected transactions entered into by the Group during the year ended 31 December 2021 are set out in note 29 to the consolidated financial statements. To the best knowledge of the Directors, except for the disposal of CSCHK and the acquisition of TPAHK which are set out in notes 19 and 36 to the consolidated financial statements, none of other related party transactions constitutes connected transactions that need to be disclosed under the GEM Listing Rules.

## Distributable Reserves

As at 31 December 2021, the Company has distributable reserves of approximately HK$34.6 million available for distribution to shareholders of the Company.

## Directors

The Directors during the year ended 31 December 2021 and up to the date of this annual report are as follows:

**Executive Directors**
Mr. Ralph Paul Johan van Put *(Chairman and Chief Executive Officer)*
Mr. Godefriedus Jelte Heijboer
Mr. Tobias Benjamin Hekster
Mr. Roy van Bakel

**Independent Non-executive Directors**
Mr. Jeronimus Matteus Tielman
Ms. Wan Ting Pai
Mr. Ming Tak Ngai

Pursuant to article 108 of the articles of association of the Company, Mr. Roy van Bakel, Mr. Jeronimus Matteus Tielman and Ms. Wan Ting Pai shall retire from office as Directors by rotation at the annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

## Directors' and senior management's biographies

Biographical details of the Directors and senior management of the Group are set out in the section of "Biographical Details of the Directors and Senior Management" of this annual report.

## Independence confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

## Directors' service contracts

Each of the executive Directors currently in office has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date and shall continue unless terminated by not less than three months' notice in writing or by payment in lieu of notice served by either party on the other. None of the Directors has a service contract with the Company that is not determinable within one year without payment of compensation (other than statutory compensation).

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing on 16 March 2020 and may be terminated by not less than one month's notice in writing served by either party on the other.

The term of service of a Director is subject to retirement by rotation of Directors as set out in the articles of association of the Company.

## 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 during the year ended 31 December 2021 and up to the date of this annual report.

## Emolument policy

The emoluments of the Directors are prepared by the Remuneration Committee and then reviewed by the Board, having regard to the Group's operating results, individual performance and comparable market statistics. All the emolument of Directors has been reviewed and ratified by the Remuneration Committee.

Details of the emoluments of the Directors and the remuneration band are set out in note 9 to the consolidated financial statements of this annual report.

The Group has adopted share option schemes as an incentive to eligible employees. Details of the share option schemes of the Group are set out in note 25 to the consolidated financial statements.

## Emoluments of directors and five highest paid individuals

The Directors' fees and remuneration and the emoluments of the five highest-paid individuals are disclosed in note 9 and note 10 to the consolidated financial statements. The emoluments of the Directors are determined with regard to their duties and responsibilities, the Company's performance, prevailing market conditions and after considering the market emoluments for Directors of other listed companies.

## Retirement benefit schemes

The Group makes contributions to defined contribution retirement benefit schemes for its employees in the United States, the United Kingdom and Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the respective schemes.

## Directors' material interests in transactions, arrangements or contracts of significance

Save as those disclosed in note 29 to the consolidated financial statements, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or its connected entities had a material interest (whether directly or indirectly) subsisting at the end of the year or at any time during the year ended 31 December 2021 under Chapter 20 of the GEM Listing Rules.

## Management contracts

During the year ended 31 December 2021, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

## Directors' rights to acquire shares and debentures

At no time during the Reporting Period and up to the date of this report was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement which would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations

As at 31 December 2021, 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 position 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 | 56,993,018 | 14.24% |
| 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 31 December 2021, 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 31 December 2021, 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 position 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 | 56,993,018 | 14.24% |
| 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 | Beneficial owner | 44,808,908 | 11.20% |
| Alset EHome International Inc. (4) | Interest in a controlled corporation | 62,122,908 | 15.53% |
| HFE Holdings Limited (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 14.24% 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 and Global eHealth Limited are wholly owned subsidiaries of Alset EHome International Inc.. Alset EHome International Inc. is 15.57% and 37.48% owned by Mr. Chan Heng Fai Ambrose and HFE Holdings Limited respectively. HFE Holdings Limited is wholly owned by Mr. Chan Heng Fai Ambrose. True Partner International Limited and Global eHealth Limited holds 11.20% and 4.33% in True Partner Capital Holding Limited respectively. By virtue of the SFO, Mr. Chan Heng Fai Ambrose is deemed to be interested in the Shares held by True Partner International Limited and Global eHealth 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. Dasym 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, Dasym 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 31 December 2021, 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 for being recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## Equity-linked agreements

Save as disclosed above, no equity-linked agreements were entered into by the Company during the year end 31 December 2021 or subsisted at the end of the year.

## Sufficiency of public float

As at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient prescribed minimum number of the issued Shares in public hands as required under the GEM Listing Rules.

## Purchase, sale or redemption of listed securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021 and up to date of this report.

## Compliance adviser's interests

As notified by Alliance Capital Partners Limited ("**Alliance**"), compliance adviser of the Company, neither Alliance nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Alliance had any interests in 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 31 December 2021.

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 receives fees for acting as the Company's compliance adviser.

## Corporate governance code

Details of the principle corporate governance practices as adopted by the Company are set out in the section headed "Corporate Governance Report" of this annual report.

## Relationships with employees, customers and suppliers

The Group maintains a good relationship with its employees, and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers and suppliers.

## Environmental policies and performance

The Group is committed to operate in compliance with the applicable environmental laws as well as protecting the environment by minimising the negative impact of the Group's existing business activities on the environment. To the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection for the year ended 31 December 2021. Details of disclosures on risk management and environmental policies are set out in the "Corporate governance report" and the "Environmental, social and governance report" of this annual report.

## Compliance with the relevant laws and regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board reviews and monitors the Group's policies and practices on compliance with legal and regulatory requirements on a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the year ended 31 December 2021 and up to the date of this annual report, to the best of the Company's knowledge, information and belief, having made all reasonable enquiries, the Group is not aware of any noncompliance in any material respect with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the year ended 31 December 2021.

## Dividend policy

The Company has adopted a dividend policy, pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its Shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the Articles of Association of the Company;
- the applicable restrictions and requirements under the laws of the Cayman Islands;
- any banking or other funding covenants by which the Company is bound from time to time;
- the investment and operating requirements of the Company; and
- any other factors that have material impact on the Company.

## Charitable donations

Charitable donations of approximately HK$74,000 were made by the Group during the year ended 31 December 2021 (2020: HK$80,000).

## Permitted indemnity provision

Pursuant to the articles of association of the Company, the Directors and officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty; provided that this indemnity shall not extend to any matter in respect of any own fraud or dishonesty which may attach to any of the Directors and officers.

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group. A permitted indemnity provision (as defined in the Companies Ordinance) for the benefit of the Directors of the Company was in force during the year ended 31 December 2021 and is in force as at the date of this report.

## Deed of non-competition

Each of Mr. Ralph Paul Johan van Put, Mr. Godefriedus Jelte Heijboer, Mr. Tobias Benjamin Hekster, Mr. Edo Bordoni, Mr. Roy van Bakel, Mr. Chan Heng Fai Ambrose, True Partner Participation Limited, Red Seven Investment Ltd and True Partner International Limited (together, the "**Covenanters**") has confirmed to the Company of their respective due compliance with the non-competition undertakings provided to the Company under a deed of non-competition (the "**Deed of Non-Competition**") entered into between the Covenanters and the Company dated 22 September 2020 during the period from the Listing Date and up to the date of this report.

The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the Covenanters during the period from the Listing Date and up to the date of this report.

## Audit Committee

The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 December 2021 and is of the opinion that these statements had complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

## Auditor

The consolidated financial statements for the year ended 31 December 2021 have been audited by PKF Hong Kong Limited, who retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint PKF Hong Kong Limited as auditor of the Company will be submitted at the forthcoming annual general meeting of the Company. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the auditor.

On behalf of the Board

**Ralph Paul Johan van Put**
*Chairman and Chief Executive Officer*

Hong Kong, 29 March 2022

# Environmental, Social and Governance Report

## Chairman's statement

Dear Valued Stakeholders,

The board of Directors (the "**Board**") is committed to driving sustainable development in True Partner Capital Holding Limited (the "**Company**") and its subsidiaries (individually or collectively referred to as the "**Group**"). The Board has the overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting, while both the members of the Board and senior management supervise the ESG issues of the Group. The Board continuously monitors and reviews the key risks affecting the sustainability of the Group's business, such as the environmental, occupational health and safety and labour standards. The risk management and internal control frameworks provide a structured approach for the Board to formulate policies and ensure effective execution. More information about the Group's governance structure is stated in the section "Governance for Sustainability".

The Group strives to create values for its shareholders. Therefore, the Group continuously communicates with its stakeholders to understand their concerns and fulfil their expectations. During the financial year from 1 January 2021 to 31 December 2021 ("**FY2021**"), the Group distributed questionnaires to internal and external stakeholders to collect their views on the sustainability issues of the Group. Their opinions help the Group understand its ESG performance, assess the importance of different ESG-related issues and prioritise them. With reference to the stakeholders' opinions, the Board regularly reviews the Group's sustainability strategies and makes adjustments to live up with stakeholders' expectations while meeting the requirements of regulators.

During FY2021, the Group set various ESG-related targets on relevant key performance indicators ("**KPIs**"). With the assistance of the ESG Working Group, the Board conducted an annual review to follow up the progress made on the Group's ESG-related targets. The Board makes full use of the available ESG data to compare the performance between different years. Aiming to achieve the targets, the Group strives to promote sustainability. Therefore, the Board believes the ESG-related targets can raise employees' awareness of ESG, drive behavioural changes and facilitate the incorporation of ESG initiatives into the Group's operational strategy.

On behalf of the Board, I would like to express my gratitude to my fellow directors, the management team, all employees and stakeholders for their contributions to the Group's sustainable development.

Ralph Paul Johan van Put
Chairman and Chief Executive Officer
Hong Kong, 29 March 2022

## Introduction

The Company is a limited liability company incorporated in the Cayman Islands. The principal activity of the Company is investment holding. The Group is a Hong Kong and United States (the "**US**") based asset management group with a focus on global volatility trading in liquid markets. The Group engages in fund management and consultancy services.

This Environmental, Social and Governance Report (the "**ESG Report**") reflects the Group's active fulfilment of its ESG responsibilities to achieve sustainable development and its responses to stakeholders' concerns.

## Reporting scope

This ESG Report covers all the Group's business activities at the offices in Hong Kong, the Netherlands, Singapore, the United Kingdom ("**UK**") and the US, where the Group's business operations are mainly carried out. The relevant environmental indicators will be reported for the Group's Hong Kong headquarters and, where applicable, for our offices in the Netherlands, Singapore and the US. The environmental data for the Group's London offices are excluded due to the immaterial environmental footprint during the short operation period since November 2021.

The scope of the ESG Report was determined by considering the ESG significance of the Group's activities and the influence of the activities on the Group's operations. The Group believes the reported areas collectively present a comprehensive picture of the Group's overall ESG performance.

## Reporting framework

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**SEHK**"), with four reporting principles including materiality, quantitative, balance and consistency. A complete index is appended to the last chapter hereof for easy reference in accordance with the ESG Reporting Guide.

## Reporting principles

According to the ESG Reporting Guide, the following reporting principles were applied in the ESG Report:

**Materiality**
The Group regularly conducts materiality assessments to identify the material environmental and social issues to the Group's business. By gathering the feedback of various stakeholder groups, the Group can have a better understanding of their concerns and expectations of the Group's sustainable development.

**Quantitative**
To measure the effectiveness of ESG-related policies, the Group has adopted the SEHK's ESG Reporting Guide, relevant guidelines published by SEHK and other international organisations, in measuring and presenting quantitative environmental and social information. Details of the standards used are described in the relevant sections of the ESG Report.

**Balance**
The ESG Report provides an unbiased picture of the Group's ESG performance.

**Consistency**
The ESG Report adheres to a consistent set of reporting standards, methodologies for calculating data

and presentation of KPIs to allow meaningful comparisons of related data over time and that with the previous year, the financial year during 1 January 2020 to 31 December 2020 ("**FY2020**").

## Reporting period

The ESG Report presents the Group's ESG performance for FY2021.

## Governance for sustainability

The Group has established the ESG Working Group to promote a companywide awareness of ESG issues. The ESG Working Group is comprised of senior management and general staff with adequate knowledge on ESG, its members span across different business departments, including the operational, compliance, human resources and finance departments. They are responsible for executing the Group's ESG measures, collecting and analysing ESG data, giving suggestions to the Board on ESG issues and reviewing ESG-related matters across the Group's different departments.

With the assistance of the ESG Working Group, the Board continuously evaluates and monitors the Group's ESG performance, risk and opportunities. The members of the ESG Working Group have meetings to discuss the effectiveness of the Group's policies and procedures and seek opportunities to improve the Group's ESG performance. The ESG Working Group reports its findings to the Board where appropriate so that the Board can look for solutions to manage the Group's ESG risks and opportunities.

## Feedback

The Group values feedback from its stakeholders. If you have any questions or suggestions regarding the ESG Report or the Group's performance in sustainable development, please feel free to contact the Group through its communication channels published on the Company's website at www.truepartnercapital.com/contact.

## Stakeholder engagement

The Group seeks to understand the expectations and concerns of all its stakeholders and the impact of its business on its stakeholders. Therefore, the Group engages with its key stakeholders to identify sustainability issues and potential risks. Key stakeholders include but are not limited to banks and other financial institutions, shareholders, investors and clients, government and other regulatory authorities, employees and suppliers.

The Group has made an assessment of stakeholders' expectations. The Group seeks to engage with stakeholders through diversified engagement methods. A summary is included below:

| Stakeholders | Engagement methods |
|---|---|
| Banks and other financial institutions | • Written or electronic correspondences<br>• Reports and announcements<br>• On-site visits |
| The Group's senior management / Board of Directors | • Client reports<br>• Company website<br>• Announcements and circulars<br>• Internal meetings |
| Shareholders, investors and clients | • General meetings and other shareholder meetings<br>• Financial reports<br>• Announcements and circulars<br>• Company website<br>• Monthly investor's report |
| Government and other regulatory authorities | • Written or electronic correspondences<br>• Visits and inspections |
| Employees | • Training activities, and briefings<br>• General meetings<br>• Emails |
| Suppliers | • Business meetings<br>• Site visits |

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through an effective communication channel.

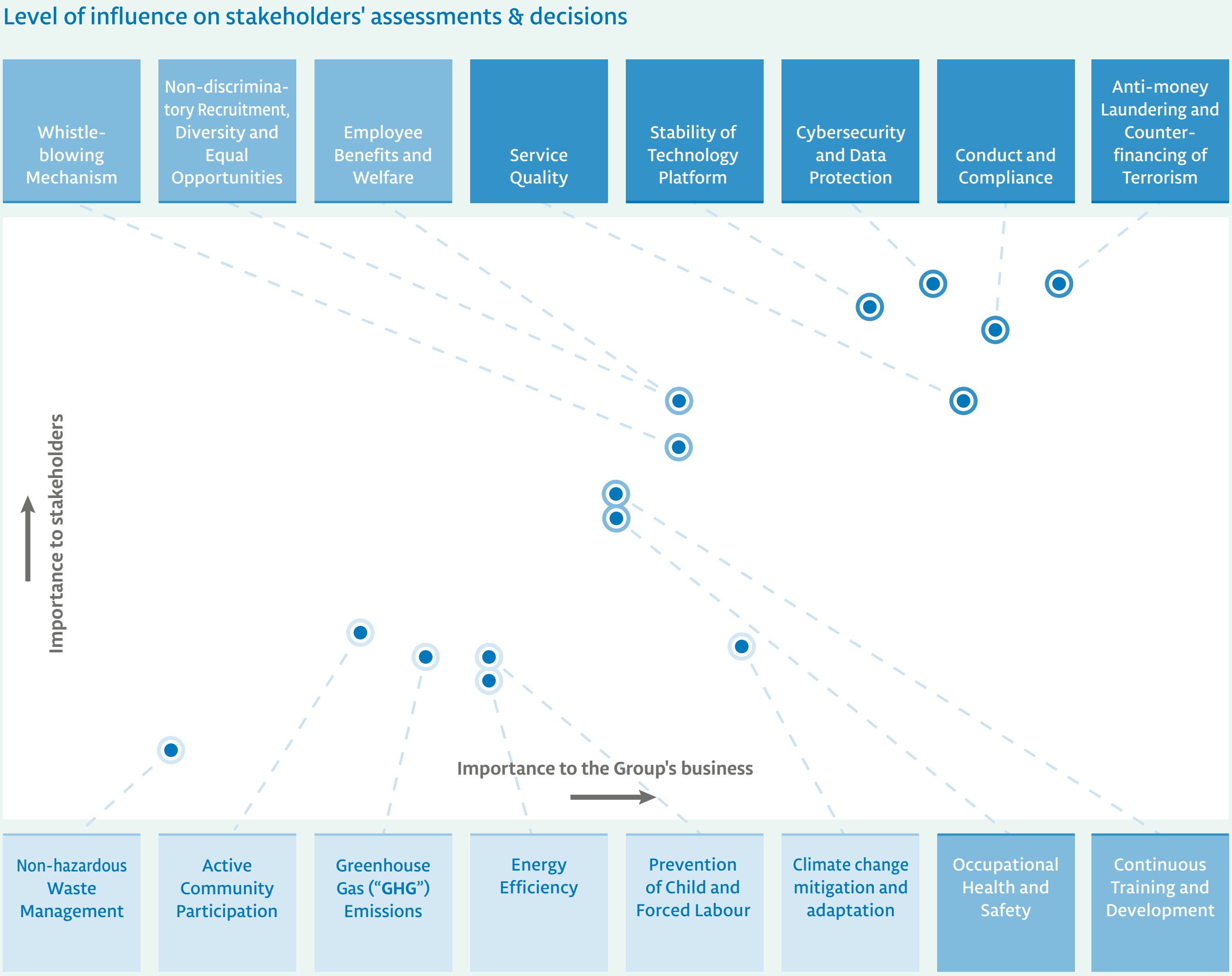
In the long run, the stakeholders' contribution will aid the Group in improving ESG performance and ensuring the continued success of the Group's business.

## Materiality assessment

The Board and management who are responsible for key functions of the Group have participated in reviewing the Group's operations and identifying material ESG topics and assessing the relative importance of the ESG topics to its business and stakeholders.

The Group's material ESG issues according to their relative importance are shown below:

*ESG Materiality matrix*



The Group has identified that the relevant criteria could be grouped into three broad categories. Firstly, those that were regarded as being of higher significance to the Group and having a higher influence on stakeholders' assessments and decisions. These included compliance and technology/cybersecurity-related matters, such as conduct and compliance, Anti-Money Laundering ("**AML**"), cybersecurity and data protection and the stability of the technology platform which have direct implication on the Group's quality of services to its funds and managed accounts. A second category was of slightly lower significance and influence, including matters relating to employee benefits, training, recruitment, whistle-blowing mechanism and occupational health and safety. A third category was regarded as of lower significance and influence, including areas such as waste management and GHG emissions. Climate change mitigation and adaptation sit at the top edge of this third category. The Group believes this reflects the increasing focus on GHG emissions as a widely reported metric enabling comparisons across peers. The Group believes all the areas highlighted are relevant categories to consider, and that the perceived significance and influence of certain categories in part reflects the nature of the Group's business relative to other companies listed on the SEHK. For example, technology stability and cybersecurity are naturally the main focus given the Group's extensive use of proprietary technology. At the same time, a technology-focused investment management business tends to naturally have lower waste production and energy usage than some other types of business such as manufacturing or natural resource extraction.

# A. Environmental

## A1. Emissions

The Group is committed to playing its part in shouldering the global responsibility to tackle climate change. To achieve this goal, the Group actively manages its operational footprint by ensuring compliance with applicable laws and regulations of respective jurisdictions and by implementing the environmental, social and governance policy ("**ESG Policy**") and related conservation measures. The ESG Policy is formulated based on the United Nations Principles of Responsible Investment.

The Group seeks to provide its clients with superior risk-adjusted investment returns and client service. As an asset manager, we act as a fiduciary on behalf of our clients and seek to develop long-term partnerships to help our clients achieve their investment goals. As fiduciaries, the Group believes that ESG issues can affect the performance of investment portfolios to varying degrees across companies, sectors, regions, asset classes and through time. Therefore, the Group seeks to incorporate material ESG factors into its daily operations and investment analysis as part of its robust investment process and seeks to be a responsible corporate citizen in the communities in which the Group operates and to be mindful of our overall environmental footprint.

At the investment level, the ESG Policy is reviewed annually as part of the Risk Committee's annual policy review. At the firm level, the ESG Policy is reviewed annually by the Board. The Group's ESG policy is also available on our website.

During FY2021, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group relating to air and GHG gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The relevant laws and regulations include, but are not limited to, the Air Pollution Control Ordinance of Hong Kong, the Waste Disposal Ordinance of Hong Kong, the Federal Clean Air Act of the US, the Federal Clean Water Act of the US, the Environmental Management Act of the Netherlands, the Clean Neighbourhoods and Environment Act 2005 of the UK and the Environmental Protection and Management Act of Singapore.

**Air Pollutant Emissions**

As an investment holding company, the Group does not involve any manufacturing activities or construction projects. Moreover, the Group does not own any vehicles. Therefore, the Group does not have a material impact on air pollutant emissions.

**Greenhouse Gas ("GHG") emissions**

The GHG emissions of the Group were mostly generated from purchased electricity, paper waste disposal at landfills and business air travel.

*Scope 1 – Direct GHG Emissions*

During FY2021, the Group did not own any vehicles or involve in any manufacturing activities. Therefore, the Group considers the direct GHG emissions generated by the Group in FY2021 to be immaterial.

*Scope 2 – Energy Indirect GHG Emissions*

Electricity consumption accounted for the largest percentage of GHG emissions during FY2021. The Group has implemented energy saving measures, which will be mentioned in the section "Energy Efficiency".

*Scope 3 – Other Indirect GHG Emissions*

Office paper waste disposal and business air travel contributed to other indirect GHG emissions. Noting that air travel generates a large amount of GHG emissions, the Group only utilises air travel when deemed necessary; the Group usually communicates via teleconferences and web conferences.

The GHG emissions of the Group are set out below:

| Indicators[1] | Unit | FY2021 | FY2020 |
|---|---|---|---|
| Direct (Scope 1) GHG emissions | tonnes $CO_2e$ | - | - |
| Energy indirect (Scope 2)[2] GHG emissions | tonnes $CO_2e$ | 10.77 | 15.00 |
| Other indirect (Scope 3) GHG emissions | tonnes $CO_2e$ | 10.08 | 6.05 |
| Paper waste disposal | tonnes $CO_2e$ | 0.82 | 0.90 |
| Business air travel | tonnes $CO_2e$ | 9.26 | 5.15 |
| **total GHG emissions** | **tonnes $CO_2e$** | **20.85** | **21.05** |
| **Intensity[3]** | **tonnes $CO_2e$/million HK$ revenue** | **0.35** | **0.16** |
| | **tonnes $CO_2e$/billion US$ asset under management** | **12.41** | **13.24** |

**Notes:**

1. GHG emissions data are presented in terms of carbon dioxide equivalent and are calculated with reference to "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by SEHK, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5) and the "2020 Sustainability Report" published by the CLP Holdings Limited.
2. Figures only includes Hong Kong office. Electricity usages in the Netherlands, Singapore and US offices were included in the tenancy agreement, related data is hence not available.
3. The calculation of intensity by million HK$ revenue is based on the core revenue of the Group, which was approximately HK$58.9 million during FY2021. (FY2020: HK$132 million) The calculation of intensity by billion US$ asset under management is based on the asset under the Group's management, which was approximately US$1.68 billion during FY2021. (FY2020: US$1.59 billion) These figures are also the basis for waste and energy intensity calculations.

In FY2021, the Group's total GHG emissions intensity was approximately 12.41 tonnes $CO_2e$/billion US$ asset under management, representing a decrease of approximately 6% from approximately 13.24 tonnes $CO_2e$/billion US$ asset under management in FY2020. The decrease in GHG emissions intensity was because of the employees' higher awareness of carbon emissions.

In response to the growing concerns about climate change, the Group has set forth a target of reducing its other indirect (Scope 3) GHG emissions intensity (tonnes $CO_2$e/billion US$ asset under management) by at least 20% by the financial year from 1 January 2025 to 31 December 2025 ("**FY2025**") compared to the financial year from 1 January 2019 to 31 December 2019 ("**FY2019**") (FY2019: 41.49 tonnes $CO_2$e/billion US$ asset under management). In addition, the Group has set a target of organising activities from the financial year from 1 January 2022 to 31 December 2022 ("**FY2022**") onwards to strengthen employees' awareness of environmental stewardship. To pursue the GHG emission reduction target, the Group actively promotes the use of videoconferencing to reduce the number of face-to-face meetings and thus the carbon footprint arising from air travel. For more information about the measures taken by the Group to pursue the GHG emission reduction target, please refer to the energy saving measures and waste reduction measures mentioned in sections "Energy Efficiency" and "Non-hazardous Waste Management" respectively.

**Sewage discharges into water and land**

Due to the Group's business nature, the sewage discharge into land is insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged; used water is discharged to the municipal sewage network to the regional water treatment plant.

**Waste management**

*Hazardous waste management*

As an investment holding company, the Group's business operations do not involve the use of hazardous materials, there was no significant hazardous waste generated in FY2021.

*Non-hazardous waste management*

Non-hazardous wastes generated were mainly office paper.

The Group makes a great effort to raise the awareness of its employees of the importance of reducing the amount of waste produced. In various operating sites, the Group follows the recycling policy of the property management company in its offices to separate waste at the source.

Summary of non-hazardous waste discharge performance:

| Indicator | Unit | FY2021 | FY2020 |
|---|---|---|---|
| Total non-hazardous waste<br>• Office paper | tonnes | 0.17 | 0.19 |
| Intensity | tonnes/million HK$ revenue | 0.0029 | 0.0014 |
| | tonnes/billion US$ asset under management | 0.10 | 0.12 |

In FY2021, the Group's total non-hazardous waste intensity was approximately 0.10 tonnes/billion US$ asset under management, representing a decrease of approximately 17% from approximately 0.12 tonnes/billion US$ asset under management in FY2020. The decrease in non-hazardous waste intensity was because of employees' higher awareness of waste reduction.

To reinforce the Group's commitment to reduce waste, a target of reducing its non-hazardous waste intensity (tonnes/billion US$ asset under management) by at least 10% by FY2025 compared to the FY2020 baseline (FY2020: 0.12 tonnes/billion US$ asset under management) has been set. In addition, the Group has set a target of providing notices to inform staff on the reduce, reuse and recycle principle in FY2022. To pursue the waste reduction target, the Group has adopted the following environmentally friendly measures:

- Reuse single-sided waste paper where possible;
- Reduce the use of single-use disposable items;
- Separate recyclable waste from wastes to be disposed of in the landfill;
- Recycle office and electronic equipment after their life cycle; and
- Print electronic correspondences only when necessary.

**Wastewater management**

The Group does not consume a significant amount of water in its business operations, and therefore its business activities did not discharge a material volume of pollutants into water or land during FY2021. Since the Group discharges wastewater into the municipal sewage pipeline network for processing, the amount of water consumption of the Group represents the wastewater discharge volume. The majority of the water supply and discharge facilities are provided and managed by the property management company.

## A2. Use of resources

The Group aims to minimise its environmental impacts by following its ESG Policy to identify and impose measures to avoid excessive consumption and ensure efficient use of finite resources. The Group takes practical steps where appropriate to reduce energy and water consumption.

**Energy efficiency**

Electricity was the principal energy source used by the Group in the rented offices. The Group takes the initiative to introduce environmentally-friendly measures to reduce the environmental impact arising from its business operations.

To further the Group's commitment to the conservation of finite resources, the Group seeks to select rented offices where the landlord or management company gives due regard to mitigating environmental and social impact and provides premises that incorporate environmentally friendly features. The Group also takes into account the location of the offices and the proximity to investors and service providers to minimise unnecessary travel.

Take the Group's rented office in the Netherlands as an example, the lighting in the premises is equipped with a motion detector which helps save energy in the meeting, storage and sanitary rooms. Furthermore, the Netherlands office uses natural air for its air-conditioning systems when the temperature outside the office drops below 12°C. The office's building management systems allow technical installations to be switched off automatically overnight and on weekends. The office also has double glazed windows, wall and roof insulation and high-efficiency boilers installed to reduce over-reliance on energy for heating during the winter months.

Any anomalies in electricity consumption will be investigated, where appropriate corrective measures will be taken. Through the implementation of the aforementioned energy saving measures, employees' awareness of energy conservation has increased.

The Group's total energy consumption is set out below:

| Indicator | Unit | FY2021 | FY2020 |
|---|---|---|---|
| Direct energy consumption | MWh | - | - |
| Indirect energy consumption[4] (Purchased electricity) | MWh | 29.10 | 30.00 |
| **Total energy consumption** | **MWh** | **29.10** | **30.00** |
| **Intensity** | **MWh/million HK$ revenue** | **0.49** | **0.23** |
| | **MWh/billion US$ asset under management** | **17.32** | **18.87** |

**Note:**

4. Figures only include the Hong Kong office. Electricity usages in the Netherlands and US offices were included in the tenancy agreement, related data is hence not available.

In FY2021, the Group's energy consumption intensity was approximately 17.32 MWh/billion US$ asset under management, representing a decrease of approximately 8% from approximately 18.87 MWh/billion US$ asset under management in FY2020. The decrease in energy consumption intensity was because of employees' higher awareness of energy conservation.

To reinforce the Group's commitment to efficient energy use, the Group has set a target of raising employees' energy saving awareness by participating in energy saving campaigns such as the Earth Hour lights-out campaign from FY2022 onwards. In addition, the Group will provide notices via email to inform staff on energy saving practices in FY2022.

To pursue the energy use efficiency target, the Group has implemented the following energy saving measures:

- Pre-set thermostats of heaters and air-conditioners at a mutually agreed level;
- Post eye-catching reminders near lights switches and electrical appliances as a reminder to employees;
- Switch off all idle appliances and unnecessary lights upon leaving offices; and
- Purchase equipment with higher energy efficiency on the replacement of obsolete equipment.

**Water consumption**

Water was mainly used in the rented offices. Since water usage and its related costs form part of the tenancy agreement, a breakdown of water consumption was thus not available. The Group reminds its employees to uphold water conservation measures by posting reminders around the offices and would report leakages to the landlord as soon as possible.

As the Group does not consume a significant amount of water when it conducts its investment holding business, no water efficiency targets were in place during FY2021.

As the Group's operations are mainly based in locations where water supply is sufficient, the Group does not encounter any problem in sourcing water that is fit for purpose.

**Use of packaging materials**

The Group is an investment holding company, the disclosure of the information relating to total packaging material used for finished products is not applicable due to the Group's business nature.

## A3. The environment and natural resources

The Group's business operations have a limited impact on the environment and natural resources. Nevertheless, the Group regularly assesses its existing and potential environmental risks and impacts to ensure compliance with relevant laws and regulations. The Group implements its ESG Policy when conducting its business, with an aim of reducing the environmental impacts such as exploitation of energy resources and GHG emission, and pursuing environmental sustainability. Where necessary, the Group will implement preventive measures to ensure compliance with relevant laws and regulations.

**Selection of markets to trade**

The Group incorporates ESG considerations into its investment stratewother factors include:

- With regards to equity indices, the Group trades derivatives on the world's main equity indices. Given this product set, the index options and futures that the Groups trade are generally listed on a UN Sustainable Stock Exchange. In the unlikely situation where an instrument would not be traded on such exchange, this relevant instrument would be omitted from the product universe.
- With regards to the trading of single stocks and the overlying options, these names cannot be on the Exclusion List as prepared and published by one of the world's largest pension funds which has a long-standing and thoughtful approach in this area.
- Given the Group' trading orientated approach, we typically have limited net market exposure and are not long-term holders of individual securities. Where relevant we will seek to vote proxies in accordance with our investors' best interests, and where possible we take into account any ESG considerations.

## A4. Climate change

Climate change is affecting many industries. A transition towards a low-carbon economy is essential to mitigate climate-related risks and seize opportunities. Understanding the potential risks and opportunities in this transition, the Group has identified significant climate-related issues which have impacted and may impact its operations. Therefore, the Group has formulated the Business Continuity and Disaster Recovery Plan (BCP) to guide the Group in the event of an internal or external emergency or significant business disruption, including extreme weather to tackle these issues.

For physical risk, extreme weather has been more frequent and severe due to climate change. The increased frequency and severity of extreme weather might negatively affect the Group's operations. Under extreme weather, operational facilities may be damaged, while the safety of the workforce may also be impacted.

The Group has taken different actions to manage the abovementioned acute physical risks. For example, the Group maintains a comprehensive insurance coverage on assets that are prone to damage by extreme weather conditions. In addition, the Group has developed the practice of communicating the arrangements under bad weather conditions to employees in advance. All employees have work from home capacities and secure access to servers and video conferencing. Employees are cross-trained so that all daily functions can be performed by more than one employee. The potential financial impacts can be minimised with adequate preparations for extreme weather events.

For transition risk, the Group's customer base may shrink if the Group fails to provide environmentally friendly investment options. Investors' preference is shifting towards financial assets that are less damaging to the climate or aligning better with broader objectives of society. In addition, the Group expects the laws and regulations related to climate change are going to be more stringent. As a result, the Group may face legal risks, which is a type of transition risks, and may need to bear higher operating costs to comply with regulatory changes.

To manage the transition risks that may be brought along by the climate crisis, the Group has taken an array of actions. First, the Group has incorporated sustainability into its investment strategies. Second, the Group has sought compliance advisors to reduce compliance risks. Third, the Group has been taking comprehensive measures to protect the environment, including measures aimed at reducing GHG emissions. By going beyond current compliance requirements, the Group has a better chance to adapt swiftly to regulatory changes.

The Group will continue to assess the effectiveness of the Group's actions on climate change and enhance its resilience against climate-related issues.

# B. Social

## B1. Employment

The Group highly values its personnel and recognises that attracting and retaining talented and committed employees is an important factor in the continued success of the Group. Therefore, the Group is committed to attracting and retaining a diverse and inclusive workforce to help build a resilient and strong organisation. Employment policies are formally documented in the Group's Staff Handbook, which specifies the terms of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against service providers within the same industry.

The number of employees of the Group by category is as follows:

| Indicators: | | As at 31-12-2021 | As at 31-12-2020 |
|---|---|---|---|
| Number of employees | | 29 | 26 |
| **By gender** | Female | 7 | 7 |
| | Male | 22 | 19 |
| **By age group** | Under 30 years old | 7 | 5 |
| | 30 to 50 years old | 16 | 17 |
| | Above 50 years old | 6 | 4 |
| **By employment type** | Full-time | 28 | 24 |
| | Part-time | 1 | 2 |
| **By region** | Hong Kong | 14 | 16 |
| | The Netherlands | 11 | 6 |
| | The US | 2 | 2 |
| | The UK | 1 | 1 |
| | Singapore | 1 | – |
| | Mainland China | – | 1 |

During FY2021, the Group was not aware of any material non-compliance with the relevant laws and regulations that would have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The relevant laws and regulations include, but are not limited, to the Employment Ordinance of Hong Kong, the Sex Discrimination Ordinance of Hong Kong, the Minimum Wage Ordinance of Hong Kong, the Fair Labor Standards Act of the US, the Americans with Disabilities Act of the US, the Labour Law of the Netherlands, the Disability Insurance Act of the Netherlands, the Employment Relations Act 1999 of the UK and the Employment Act of Singapore.

As at 31 December 2021, the Group had a total of 29 employees. The employee turnover rate in FY2021 is 11%.

The number and rate of employee turnover of the Group by category are as follows:

| **Indicators:** | | **FY2021** |
|---|---|---|
| Number and rate (%) of employee turnover [5] | | 6 (11%) |
| **By gender** | Female | 3 (7%) |
| | Male | 3 (21%) |
| **By age group** | Under 30 years old | 3 (8%) |
| | 30 to 50 years old | 3 (15%) |
| | Above 50 years old | - (-) |
| **By region** | Hong Kong | 4 (13%) |
| | The Netherlands | 1 (6%) |
| | The US | 1 (20%) |
| | The UK | - (-) |
| | Singapore | - (-) |

**Note:**

5. The calculation method of turnover rate: number of employees leaving employment ÷ ((number of employees at the beginning of the year + number of employees at the end of the year) ÷ 2) × 100%

**Non-discriminatory recruitment, diversity and equal opportunities**

The sustainable growth of the Group relies on the diversity of talents and a non-discriminatory recruitment process. The Operational Controls Outline sets out the Group's hiring practices. The Group's employees are recruited via a robust, transparent and fair recruitment process based solely on their application, interviews, comments from previous employers and references, as well as specifically considering whether they are fit and proper to perform their assigned responsibilities. New employees are subject to a probationary period.

The Diversity and Anti-harassment Policies set out the Group's commitment to providing a workplace where employees of all backgrounds can thrive and deliver superior performance for its clients, where individual differences and contributions of employees are recognised and valued, and where rewards and opportunities for training and career development are based on merit. The Group does not tolerate discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality, and ethnic or national origin), religion or belief, sex and sexual orientation. The Group believes that all employees should have the right to work in an environment free of discrimination and harassment and emphatically states its zero-tolerance stance on any aforementioned behaviours of any form in the workplace.

The Board is seeking ways to increase the proportion of female Board members over time. The Board will seek to ensure that an appropriate balance of gender diversity is achieved with reference to stakeholders' expectations and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The nomination committee will review and monitor the implementation of the Board Diversity Policy to ensure its effectiveness and recommend any revisions to the Board for consideration and approval.

**Employee benefits and welfare**

Good benefits and welfare encourage retention and foster a sense of belonging. Therefore, the Group seeks to offer a competitive and attractive remuneration package, including a competitive base salary and discretionary bonuses.

The remuneration structure of the Group is illustrated in the Remuneration Policy, which is designed to ensure that there is an appropriate balance of fixed and variable rewards and is dependent on performance-related factors such as individual, functional and corporate performance. In addition to the statutory leave entitlement of respective jurisdictions, the Group also offers employees various types of leaves and benefits, such as wedding leave, study leave and funeral leave, medical insurance and pension benefits.

The Company has established a remuneration committee (the "**Remuneration Committee**") with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules. The Remuneration Committee reviews and makes recommendations to the Board on the overall remuneration policy and package structure relating to all Directors and senior management of the Group. The Board approves the remuneration policy as well as individual packages for directors and senior management.

The remuneration packages are reviewed regularly by the Board to ensure that they are competitive and in line with the market trend in attracting and retaining individuals with the relevant skills, knowledge and experience. The balance of fixed and variable components in the employees' remuneration package is subject to annual review by the Board based on the Group's performance. In conducting the employees' pay review annually, the Board takes into account various factors, such as individual responsibilities and performance, economic conditions, and competitiveness in the job market.

**Promotion, performance appraisal and dismissal**

The Group assesses the performance of the employees on an annual basis. The performance review system has been designed to identify the quality of an employee's performance and conduct of their duties in terms of job knowledge, volume and quality of work, technical knowledge, judgment, initiative and interpersonal skills, etc. The results are used for their annual salary review and performance appraisal. The Group also gives preference to internal promotion in order to provide incentives to employees for their consistent and continuous effort.

Unreasonable dismissal under any circumstances is strictly prohibited, dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

**Working hours and rest periods**

Official working hours are clearly stated in the Staff Handbook and are in accordance with the employment laws of respective jurisdictions. Compensation for hours worked outside the normal working hours is included in the salary.

## B2. Health and safety

**Occupational health and safety**

Providing employees with a safe and healthy working environment is of utmost importance to the Group. The Group has implemented a policy on safety and accidents covering office safety policies, severe weather conditions arrangements, fire safety, procedures for any workplace accidents resulting in personal injury, and employee compensation for injury at work. The said policy can be found within the Staff Handbook.

During FY2021, the Group was not aware of any material non-compliance with the relevant laws and regulations that would have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. The relevant laws and regulations include, but are not limited to, the Occupational Safety and Health Ordinance of Hong Kong, the Employees' Compensation Ordinance of Hong Kong, the CFR 29 OSHA (Occupational Health and Safety Act) of the US, the Working Conditions Act of the Netherlands, the Workplace (Health, Safety and Welfare) Regulations 1992 of the UK and the Workplace Safety and Health Act of Singapore.

**Implementation of COVID-19 measures**

In response to the outbreak of the COVID-19 pandemic, the Group has swiftly implemented measures to safeguard the health and safety of its employees. Remote work arrangements have been made to minimise the risk of cross-infection between employees and exposure to the coronavirus during the daily commute to the offices. Employees were required to take their temperature before entering the Group's premises, they were also required to wear facial masks at all times. The Group also provided employees with anti-epidemic supplies such as face masks and hand sanitisers. A COVID-19 response team was formed to report employee positive testing, office or work-from-home status, any precautionary approach adopted in various areas of the Group and critical counterparties, such as prime brokers, banks, fund administrators and data centres.

**Zero workplace accidents**

The Group's commitment to workplace safety is exemplified by zero reported cases of work-related injuries during FY2021. This means that the Group had zero lost days due to work injury during FY2021. In the past three years, including FY2021, the Group achieved zero work-related fatalities.

## B3. Development and training

The Group recognises its responsibility to help abate financial crimes and is committed to conducting its global activities with integrity. Therefore, the Group strongly encourages all its employees to participate in training and education to further enhance their competencies and remain up-to-date with industry and regulatory developments.

**Continuous training and development**

The Continuous Professional Training Policy, found in the Compliance Manual, encapsulates the framework of professional training activities.

The Group requires all its employees to attend annual AML and Code of Ethic trainings provided by a global consultancy firm as well as quarterly cybersecurity training. The Group's cybersecurity training program may cover the following: general information security matters, policies and procedures pertaining to information security, information classification, access control and use of passwords, maintenance and protection of passwords, incident reporting, physical security, social engineering tactics, phishing (conducted semi-annually), as well as additional relevant information at the time of the training. To ensure the Group's employees remain vigilant to potential cybersecurity threats, fake phishing emails are routinely sent to employees to test their alertness.

To protect sensitive and highly confidential data, the Group provides related training to newly recruited employees to ensure that they are aware of and comply with all internal policies, rules and regulations as required by the Group and adhere to confidentiality and non-disclosure obligations. The Group has also implemented access controls and confidentiality standards guidelines for relationships with designated critical third-party vendors.

The Group's responsible officers and licenced representatives are required to undertake a minimum of five continuous professional training hours per calendar year for each regulated activity in order to fulfil the Securities and Futures Commission ("**SFC**") continuous professional training requirements, maintain their SFC licences to carry on the relevant regulated activities and keep updated on the changes and developments in the asset management industry and the relevant laws and regulations. Designated compliance team personnel will review employees' training records each year to identify any licence-holder who has not met the hourly requirements and remind those license-holders of the deficit.

During FY2021, the Group conducted a series of job-related training courses which covered areas such as compliance, ethics, AML and cyber security. These training courses are designed to ensure compliance with all applicable laws in countries where the Group operates.

The percentage of total employees trained and trained employees by category are as follows:

| Indicators | | Unit | FY2021 | FY2020 |
|---|---|---|---|---|
| **Employees trained** | | Percentage | 100% | 100% |
| **By gender** | Female | Percentage | 24% | 27% |
| | Male | Percentage | 76% | 73% |
| **By employee category** | Senior management | Percentage | 41% | 37% |
| | Management | Percentage | 21% | 26% |
| | Other employees | Percentage | 38% | 37% |

The average training hours completed per employee of the Group by category are as follows:

| Indicators | | Unit | FY2021 | FY2020 |
|---|---|---|---|---|
| **Average training hours by gender** | Female | Hours | 6.6 | 7.0 |
| | Male | Hours | 6.8 | 8.3 |
| **Average training hours by employee category** | Senior management | Hours | 8.1 | 8.9 |
| | Management | Hours | 8.1 | 9.1 |
| | Other employees | Hours | 4.6 | 6.0 |

## B4. Labour standards

**Prevention of child and forced labour**

The Group's principally engaged in fund management business and consultancy services, the nature of the Group's activities involves a relatively small, highly skilled team of professionals working together. The Group strives to ensure that it can provide an attractive working environment and career opportunities to current and prospective employees. The Group also seeks to ensure that it upholds and promotes its values and has a positive impact through our work in our activities and interactions with third-parties.

The Group's hiring process and employment practices are designed to include appropriate checks to ensure compliance with all relevant law. The Group strongly supports international efforts to prevent child labour and forced labour.

The Group outsources functions and engages consultants to fulfil operational needs and supplement or enhance the work undertaken by the Group's employees. Suppliers include international investment banks, financial data providers and other firms. The Group takes steps to prevent any indirect exposure to child labour and forced labour through due diligence on its suppliers and consultants. This includes preventing engagement with suppliers and consultants who have child or forced labour hiring records.

During FY2021, the Group was not aware of any material non-compliance with the relevant laws and regulations that would have a significant impact on the Group relating to preventing child and forced labour. The relevant laws and regulations include, but are not limited to, the Employment Ordinance of Hong Kong, the Fair Labor Standards Act of the US, the Labour Law of the Netherlands, the Employment Relations Act 1999 of the UK and the Employment Act of Singapore. During FY2021, the Group did not discover any exposure to child and forced labour in its operations.

## B5. Supply chain management

The Group outsources functions and engages consultants to fulfil its operational needs. The Group's Operational Controls Outline states that the selection of outsourced service providers and consultants is based on their assessed liabilities and capacities. The Group will initially determine whether a particular regulatory function is appropriate to outsource and evaluate the outsourcing risk, including, among other risks, information/ recordkeeping security and consultant failure. The Group strictly followed the Operational Controls Outline to evaluate the business practices of its suppliers and vendors. An annual risk-based review was undertaken to assess the work product of suppliers. During the Reporting Period, the Group evaluated 12 of the its various suppliers including compliance consultants, prime/clearing brokers, fund administrator and custody banks.

The Group also intends to engage service providers and consultants who incorporate ESG issues into their policies and business development. The Group's primary service providers, Bank of America and Morgan Stanley, are financial institutions that focus on integrating sustainability into their core businesses and support functions and have already established relevant policies in relation to ESG issues. Bank of America has achieved carbon neutrality; Morgan Stanley is on track to achieving this goal by 2022. In addition, Bloomberg, another significant service provider, has committed to sourcing 100% of its energy from renewable sources by 2025.

The Group periodically evaluates and monitors the performance of its suppliers and vendors to ensure their compliance with quality and service standards. Should a supplier or vendor fall below the agreed standard, the cooperation may be terminated.

The number of vendors of the Group by region in FY2021 is as follows:

| Region | Number of vendors |
|---|---|
| Hong Kong | 45 |
| The US | 33 |
| The Netherlands | 13 |
| The UK | 6 |
| Singapore | 9 |
| Others | 18 |
| **Total number of vendors** | **124** |

## B6. Product and service responsibility

During FY2021, the Group was not aware of any non-compliance with laws and regulations that would have a significant impact on the Group concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress. The relevant laws and regulations include, but are not limited to, the Personal Data (Privacy) Ordinance of Hong Kong, the Securities and Futures Ordinance of Hong Kong, the Regulation S-P of U.S. Securities and Exchange Commission ("**SEC**"), the Part 160 of Commodity Futures Trading Commission ("**CFTC**"), the Rules 2-9, 2-13 and 2-29 of National Futures Association ("**NFA**"), the Investment Advisers Act of 1940 of US, the Financial Markets Supervision Act Amendment 2014 of the Netherlands, the Data Protection Act 2018 of the UK, the Consumer Protection (Trade Descriptions and Safety Requirements) Act of Singapore and the Personal Data Protection Act of Singapore. During FY2021, the Group did not receive any cases of product or service-related complaints.

**Cybersecurity and data protection**

Protecting clients' data is of paramount importance to the Group. Therefore, the Group strives to ensure the privacy and security of the collection and usage of all personal information. The Group's Privacy Policy, which is based on the General Data Protection Regulation, provides clear standards and instructions for data processing, disclosure and retention. The rights of data subjects are specified in the policy, such as obtaining access, obtaining restriction of processing, objecting to processing and so on. The Group has also adopted the comprehensive Written Information Security Policy ("**WISP**") in accordance with the increased regulatory attention to the process of protecting information by preventing, detecting, and responding to the loss of sensitive data in the investment management space.

Access to sensitive data and the Group's network is granted only when necessary. A formal registration procedure has been established to grant and revoke access to sensitive data. Each employee who has access to sensitive data is responsible for the confidentiality, integrity and availability of the data. If the compliance officer determines that an employee or third party has violated the WISP, the compliance officer or members of senior management may impose sanctions and/or take other action as deemed appropriate, which may include termination of employment or contract. Additionally, confidential sensitive data cannot be disclosed to any other individual without documented appropriate permission from the Group's management level. Standards concerning the protection of sensitive data on removable media (including USB drives, flash memory cards and portable hard drives) are in place.

The Group's chief technology officer is responsible for coordinating and maintaining the WISP and the compliance team is responsible for assisting the chief technology officer in administering the policy and the procedures adopted therein.

Furthermore, the Group has implemented a framework for ensuring that all systems and applications are kept up-to-date with critical security patches. The Group's cybersecurity service provider performs technical assessments, such as vulnerability assessments, to identify systems that may be missing required patches in a manner that will not adversely impact production systems on a regular basis. Procedures have also been implemented to identify and manage or correct possible areas of vulnerability in the system's security procedures, design, implementation of internal controls that could result in a security breach or a violation of the WISP.

The Group's Incident Response Plan ("**IRP**") details the resolution phases and reporting procedures in case of information security incidents. The ICR documents, monitors and reviews information security incidents and/or breaches and provides a framework for future improvement.

**Stability of technology platform**

As digital technology advances, it plays an increasingly more significant role in how the Group delivers services for its clients. Therefore, the resilience and stability of the systems are directly correlated to the quality of the services that the Group provides.

The Group has developed its in-house proprietary platform to support its distinctive and active trading strategy and enable real-time pricing of implied volatilities, quantitative comparisons, risk management as well as speedy execution of trades. The proprietary technology significantly reduces the reliance on external technology vendors, and when combined with the Group's experienced information technology team, the two elements effectively enhance the Group's control over internal technology risks. The technology platform utilises cloud-native technologies with abundant redundancies to ensure it supports seamless 24/5 trading without disruptions, even during times when various software or applications are being updated.

To ensure the risk of business disruption is maintained at the lowest level, the Group has implemented and maintained the Business Continuity and Disaster Recovery Plan ("**BCDR Plan**") which outlines procedures in the event of an internal or external emergency or significant business disruption.

In order to ensure that the Group is compliant with SFC, SEC, CFTC and NFS' requirements in relation to internal controls and management systems, the Group has adopted certain internal control system and procedures which are implemented in part of its operations.

**Conduct and compliance**

As a financial services corporation, ensuring sound practices is inherent to protecting the assets of its clients and investors and the Group's continued success. The Group also operates in a highly regulated industry and therefore places a strong emphasis on internal controls and compliance. During FY2021, the Group was not engaged in any litigation, claim or arbitration proceeding of material importance and has complied with all applicable legislation, regulations, rules, codes, guidelines and permits and licence requirements in the jurisdictions in which the Group operates. The Group has established the Code of Ethics to ensure ethical and responsible business conduct. The said code emphatically states that the interest of its clients must be placed first at all times, employees should not take inappropriate advantage of their positions and must comply with all applicable securities law.

**Complaint management and customer satisfaction**

The Group highly values feedback from its clients, whether positive or negative. Feedback can help the Group to continually improve and develop to better serve its clients' needs.

The Group is committed to ensuring compliance and customer satisfaction and has established complaint procedures to ensure that all complaints are properly handled in a consistent manner.

In the event a complaint is received, the compliance team will strive to handle it in a timely and appropriate manner. The compliance team is responsible for maintaining a register of any complaints that may be received, which is reviewed periodically by senior management. If a complaint is not remedied promptly, the client or investor is advised of any further steps which may be available under the relevant regulatory system. All complaints and the handling of such are presented to the chief executive officer and chairman, co-chief investment officers and chief technology officer.

**Intellectual Property ("IP") rights**

The Group obtained registration of the Group's trademarks in Hong Kong; the domain name was also registered. The Group respects and regularly monitors to ensure that IP rights are not being infringed upon.

**Advertising and labelling**

The Group's Compliance Manual provides a comprehensive guideline on advertising matters. In addition to prohibiting fraudulent, deceptive or manipulative advertising, the advertising materials must be approved by the chief compliance officer or a director who did not prepare the materials.

**Product health and safety**

As an investment holding company, the Group mainly provide fund management and consultancy services. The disclosure of the information relating to total products sold or shipped subject to recalls is not applicable due to the Group's business nature.

## B7. Anti-corruption

Solid corporate governance is the bedrock of the Group's growth and development. The Group does not tolerate illegal or unethical conduct that not only violates relevant laws and regulations but also places the business integrity and reputation of the Group in jeopardy.

During FY2021, the Group was not aware of any material non-compliance with the relevant laws and regulations that would have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to, the Prevention of Bribery Ordinance of Hong Kong, the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong, the Foreign Corrupt Practices Act of the US, the Dutch Criminal Code of the Netherlands, the foreign and domestic bribery laws of the UK and the Prevention of Corruption Act of Singapore.

There was no concluded legal case regarding corrupt practices brought against the Group's issuer or its employees during FY2021.

### AML and Counter-financing of Terrorism ("CFT")

The Group does not tolerate any deliberate breach of applicable financial crime laws and regulations, such as bribery, extortion, fraud and money laundering. The Code of Ethics sets forth standards of conduct expected of the Group's employees and reflects employees' and the Group's fiduciary duty to the Group's clients.

Various policies and procedures have also been implemented and extensively reported to ensure compliance with Hong Kong, Cayman Island and the US AML legislation and regulations. An AML Program ("**AML Program**"), amongst other procedures, has been adopted to comply with the Group's obligations. The chief compliance officer is responsible for overseeing compliance with the AML Program, which includes procedures that apply to existing and prospective investors in the funds managed by the Group.

New employees are required to undergo AML training during the initiation and training programme, all employees are required to take part in the mandatory AML training every calendar year.

As such, the Group has set out comprehensive policy and procedures on money laundering and terrorist financing in its compliance manual with the section headed "Money Laundering and Terrorist Financing" which are specifically designed to ensure employees fully understand their obligations and responsibilities at work. The senior management ensures the implementation of AML/CFT systems, including through annual mandatory AML training for all employees and the delegation of AML/CFT duties to an administrator as well as the appointment of a manager-in-charge ("**MIC**") for AML who also fills the role of money laundering reporting officer.

Furthermore, a risk-based approach Customer Due Diligence Policy has been established to identify the types of clients and investors who are likely to pose a higher-than-average risk of money laundering and terrorist financing. An enhanced customer due diligence process is adopted for customers, business relationships or transactions that pertain to higher risk categories.

### Anti-corruption training

Anti-corruption and ethics training is essential for creating a healthy corporate culture. Apart from providing employees with clear guidance on the prevention of corrupt practices via the Group's policies, the Group also ensures execution of good practices via arranging anti-corruption training for all Directors and managers.

One of the ways to provide anti-corruption training is by providing annual AML and Code of Ethic training provided by a global consultancy firm to update with employees and directors for the AML practice in the region the Group operates. A quiz was designed to test the employees' knowledge. The reading materials and quiz allowed them to understand the anti-corruption laws and promote business ethics. In addition, the Group's directors attend regular corporate governance training, which covers knowledge on anti-corruption legislation as well as necessary skills to handle ethical dilemmas at the workplace.

**Acceptance of gifts**

Employees should not solicit or accept any advantage for themselves or others, from any person or firm that have business dealings with the Group. The Anti-bribery, Gifts and Entertainment Policy mandates that an employee should not receive or agree to any financial or other benefits from third parties, either directly or indirectly, which could be considered connected to his/her activities at or for the Group. Bribery, fraud and corruption in any form or in relation to any parties are all strictly prohibited in the Group.

**Whistle-blowing mechanism**

The Whistle-blowing Policy has been established and covers the treatment of all concerns or complaints relating to suspected improper activities. The said policy aims to provide employees with guidance and reporting procedures to encourage employees to report fraudulent activities. Whistle blowers are encouraged to promptly report suspected improper activity to the Chief Compliance Officer (CCO) for investigation. In the event that the suspected improper activity involves the CCO, whistle blowers are advised to promptly report such activity to the Chair of the Risk Committee. Upon receipt of a report, the CCO or Risk Committee Chair, as the case may be, will without delay evaluate the validity and relevance of the concerns raised, and decide if a full investigation is necessary. If a full investigation is warranted, an investigation team will be appointed and the Group's Audit Committee Chair will be notified.

The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation or discrimination. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

## B8. Community investment

**Active community participation**

As a responsible corporate citizen, the Group recognises the importance of contributing to the community where it operates. The Group follows its ESG policy to nurture the corporate culture and encourage its employees to engage in community services and voluntary activities to give back to the members of the public.

The Group encourages the development of sports for their value in promoting a healthy and balanced way of life. In addition, the Group supports talented athletes in the community in their pursuit of excellence. During FY2021, the Group sponsored HK$65,000 to a Hong Kong rugby club and Euro 1,000 worth of T-shirts to a handball club in the Netherlands. The Group will continue to engage in community events in the coming years.

# The ESG Reporting Guide Content Index of SEHK

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## "Comply or explain" Provision

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Sections/Remarks |
|---|---|---|
| **Aspect A1: Emissions** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | A1. Emissions |
| KPI A1.1 | The types of emissions and respective emissions data | A1. Emissions – Air Pollutant Emissions (not applicable and explained) |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and intensity. | A1. Emissions – GHG Emissions |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Sections/Remarks |
|---|---|---|
| **Aspect A1: Emissions (cont'd)** | | |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and intensity. | A1. Emissions – Waste Management (not applicable and explained) |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and intensity. | A1. Emissions – Waste Management |
| KPI A1.5 | Description of emission target(s) set and steps taken to achieve them. | A1. Emissions – GHG Emissions |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | A1. Emissions – Waste Management |
| **Aspect A2: Use of Resources** | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | A2. Use of Resources |
| KPI A2.1 | Direct and/or indirect energy consumption by type in total and intensity. | A2. Use of Resources – Energy Efficiency |
| KPI A2.2 | Water consumption in total and intensity. | A2. Use of Resources – Water Consumption (not applicable and explained) |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | A2. Use of Resources – Energy Efficiency |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | A2. Use of Resources – Water Consumption (not applicable and explained) |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and with reference to per unit produced. | A2. Use of Resources – Use of Packaging Materials (not applicable and explained) |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Sections/Remarks |
|---|---|---|
| **Aspect A3: The Environment and Natural Resources** | | |
| General Disclosure | Policies on minimizing the issuer's significant impacts on the environment and natural resources. | A3. The Environment and Natural Resources |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | A3. The Environment and Natural Resources |
| **Aspect A4: Climate Change** | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | A4. Climate Change |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | A4. Climate Change |
| **Aspect B1: Employment** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | B1. Employment |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | B1. Employment |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | B1. Employment |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Sections/Remarks |
|---|---|---|
| **Aspect B2: Health and Safety** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to providing a safe working environment and protecting employees from occupational hazards. | B2. Health and Safety |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | B2. Health and Safety - Zero Workplace Accidents |
| KPI B2.2 | Lost days due to work injury. | B2. Health and Safety - Zero Workplace Accidents |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | B2. Health and Safety – Implementation of COVID-19 Measures |
| **Aspect B3: Development and Training** | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | B3. Development and Training – Continuous Training and Development |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | B3. Development and Training – Continuous Training and Development |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | B3. Development and Training – Continuous Training and Development |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Sections/Remarks |
|---|---|---|
| **Aspect B4: Labour Standards** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to preventing child and forced labour. | B4. Labour Standards – Prevention of Child and Forced Labour |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | B4. Labour Standards – Prevention of Child and Forced Labour |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | B4. Labour Standards – Prevention of Child and Forced Labour |
| **Aspect B5: Supply Chain Management** | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | B5. Supply Chain Management |
| KPI B5.1 | Number of suppliers by geographical region. | B5. Supply Chain Management |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | B5. Supply Chain Management |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | B5. Supply Chain Management |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | B5. Supply Chain Management |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Sections/Remarks |
|---|---|---|
| **Aspect B6: Product Responsibility** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | B6. Product Responsibility |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | B6. Product Responsibility – Product Health and Safety (not applicable and explained) |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | B6. Product Responsibility – Complaint Management and Customer Satisfaction |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | B6. Product Responsibility – IP Rights |
| KPI B6.4 | Description of quality assurance process and recall procedures. | B6. Product Responsibility – Stability of Technology Platform |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | B6. Product Responsibility – Cybersecurity and Data Protection |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Sections/Remarks |
|---|---|---|
| **Aspect B7: Anti-corruption** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to bribery, extortion, fraud and money laundering. | B7. Anti-corruption |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | B7. Anti-corruption |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | B7. Anti-corruption – Whistle-blowing Mechanism |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | B7. Anti-corruption – Anti-corruption Training |
| **Aspect B8: Community Investment** | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | B8. Community Investment |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | B8. Community Investment |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | B8. Community Investment |

Ralph Paul Johan van Put
*Chairman and Chief Executive Officer*

Hong Kong, 29 March 2022

*As at the date of this report, 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 report 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 report will also be published on the Company's website at www.truepartnercapital.com.*

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

** The English translation of Chinese names or words in this report, where indicated, is included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

# Independent auditor's report to the shareholders of True Partner Capital Holding Limited

*(Incorporated in the Cayman Islands with limited liability)*


大信梁學濂(香港)會計師事務所有限公司

PKF
Accountants & business advisers

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong


## Opinion

We have audited the consolidated financial statements of True Partner Capital Holding Limited and its subsidiaries (together the "**Group**") set out on pages 122 to 181, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Key audit matters (cont'd)

*Key audit matter*
*- fee income recognition*

For the year ended 31 December 2021, the Group recognised management fee income of HK$57,963,000 and no performance fee was recognised.

We focused on this area due to the significance of the amounts and the risks arising from the manual process involved in fee income recognition.

The calculation of management fee and performance fee income is largely a manual process and there is an inherent risk of material misstatement due to the following:

a. Interpretation of contractual terms from the relevant prospectus or investment management agreements;

b. Manual input of key contractual terms and fee rates in relevant spreadsheets; and

c. Manual input of details of assets under management obtained from the third party fund administrators.

The Group's disclosures of fee income are detailed in note 6 to the consolidated financial statements.

*How our audit addressed the key audit matter*

1. We obtained an understanding and tested for implementation, on a sample basis, of the key controls in place over the calculation of management fee and performance fee income;

2. We reviewed the independent internal control reports issued on the third party fund administrators; and

3. We obtained an understanding and tested for implementation, on a sample basis, of the controls in place over the maintenance of records of assets under management, including the reconciliation to custodian statements.

We also performed the following tests on a sample basis:

1. We reviewed the key contractual terms and agreed the fee rates against the contractual terms from the relevant prospectus or investment management agreements;

2. We tested the accuracy of the records of assets under management by inspecting relevant third party custodian statements;

3. We tested the mathematical accuracy of the fee calculations by re-calculation;

4. We tested the settlement of the fee income by inspecting supporting documents in relation to cash receipts; and

5. We performed cut-off test on fee income by inspecting relevant third party custodian statements.

## Key audit matters (cont'd)

*Key audit matter*

- *Financial assets at fair value through other comprehensive income*

As at 31 December 2021, the Group had financial assets at fair value through other comprehensive income of HK$3,707,000. The Group engaged an independent external valuer to apply valuation method to determine the fair value of these financial instruments. This valuation method included significant unobservable inputs, and involved subjective judgements and assumptions. The sensitivity of the assumptions used may have material impact on the valuation of these financial instruments.

We have identified the valuation of financial assets at fair value through other comprehensive income as a key audit matter because of the significant estimation uncertainty resulted from the use of unobservable inputs and the significant judgement made in selecting the valuation method.

*How our audit addressed the key audit matter*

Our work in relation to management's valuation of financial assets at fair value through other comprehensive income included :

1. We obtained an understanding of the Group's procedures and method of valuation, including significant assumptions made and management's assessment of estimation uncertainty;

2. We evaluated the independence and works performed by the independent external valuer engaged by management to assist their valuation;

3. We evaluated whether the method of valuation and assumptions made are appropriate;

4. We tested the data used by management in the valuation;

5. We re-calculated the valuation made by management;

6. We considered the potential impact of reasonably possible upside/downside changes in these key assumptions;

7. We determined whether indication of possible management bias exist; and

8. We evaluated the recognition and measurement criteria used and disclosure made by management.

## Other information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors and those charged with governance for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Auditor's responsibilities for the audit of the consolidated financial statements (cont'd)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

### Auditor's responsibilities for the audit of the consolidated financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Hui Lai King (Practising Certificate Number: P03499).

**PKF Hong Kong Limited**
Certified Public Accountants
Hong Kong

29 March 2022

# Consolidated statements of profit or loss and other comprehensive income

*For the year ended 31 December 2021*

| | Note | 2021<br>HK$'000 | 2020<br>HK$'000 |
|---|---|---|---|
| Revenue | 6 | **58,917** | 132,013 |
| Other income | 6 | **85** | 328 |
| Direct costs | | **(6,533)** | (12,236) |
| Fair value (loss)/gain on financial assets at fair value through profit or loss | | **(2,036)** | 1,284 |
| General and administrative expenses | | **(74,572)** | (70,173) |
| Listing expenses | | **–** | (13,094) |
| Finance costs | 7 | **(105)** | (121) |
| Gain on dilution of interest in an associate | | **90** | – |
| Share of results of associates | | **(301)** | 123 |
| (Loss)/profit before income tax | 8 | **(24,455)** | 38,124 |
| Income tax expense | 11 | **(1,032)** | (11,368) |
| (Loss)/profit for the year | | **(25,487)** | 26,756 |
| Other comprehensive income/(loss) | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | **(673)** | 63 |
| Item that will not be reclassified to profit or loss: | | | |
| Fair value gain/(loss) on financial assets designated at fair value through other comprehensive income | | **880** | (911) |
| Other comprehensive income/(loss) | | **207** | (848) |
| Total comprehensive (loss)/income for the year | | **(25,280)** | 25,908 |
| (Loss)/profit for the year attributable to: | | | |
| Owners of the Company | | **(26,020)** | 26,149 |
| Non-controlling interest | | **533** | 607 |
| | | **(25,487)** | 26,756 |
| Total comprehensive (loss)/income for the year attributable to: | | | |
| Owners of the Company | | **(25,813)** | 25,301 |
| Non-controlling interest | | **533** | 607 |
| | | **(25,280)** | 25,908 |
| (Loss)/earnings per share (HK cents) | | | |
| Basic and diluted (loss)/earnings per share | 13 | **(6.51)** | 8.15 |

# Consolidated statements of financial position

*As at 31 December 2021*

| | Note | **2021** **HK$'000** | 2020 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Plant and equipment | 14 | **3,270** | 1,419 |
| Right-of-use assets | 15 | **822** | 1,970 |
| Intangible assets | 16 | **843** | 37 |
| Investments in associates | 17 | **3,215** | 3,400 |
| Financial assets at fair value through profit or loss | 18 | **17,676** | 19,712 |
| Financial assets at fair value through other comprehensive income | 19 | **3,707** | 2,827 |
| | | **29,533** | 29,365 |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss | 18 | **8,000** | – |
| Accounts receivable | 20 | **8,783** | 36,199 |
| Other receivables | 21 | **6,168** | 13,113 |
| Deposits placed with a broker | | **156** | 69 |
| Tax recoverable | | **3,528** | 1,586 |
| Cash and cash equivalents | 22 | **160,571** | 188,589 |
| | | **187,206** | 239,556 |
| **Current liabilities** | | | |
| Accruals and other payables | 23 | **9,806** | 25,315 |
| Financial liabilities at fair value through profit or loss | 18 | **2** | 2 |
| Lease liabilities | 24 | **810** | 1,690 |
| Tax payable | | **641** | 4,778 |
| | | **11,259** | 31,785 |
| **Net current assets** | | **175,947** | 207,771 |
| **Total assets less current liabilities** | | **205,480** | 237,136 |
| **Non-current liability** | | | |
| Lease liabilities | 24 | **64** | 433 |
| **Net assets** | | **205,416** | 236,703 |

*As at 31 December 2021*

| | Note | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|---|
| **Capital and reserves** | | | |
| Share capital | 26 | **157,074** | 157,074 |
| Reserves | 28 | **42,544** | 74,364 |
| | | **199,618** | 231,438 |
| **Non-controlling interests** | | **5,798** | 5,265 |
| **Total equity** | | **205,416** | 236,703 |

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 29 March 2022 and signed on its behalf by:

**Ralph Paul Johan van Put**
*Chairman*

**Godefriedus Jelte Heijboer**
*Director*

# Consolidated statements of changes in equity

*For the year ended 31 December 2021*

| | | | Reserves | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Group reorganisation reserve | Exchange reserve | Fair value reserve (Notes (i)) | Capital reserve (Notes (ii)) | Share option reserve | Retained profits | Total | Non-controlling interests | Total equity |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At 1.1.2020 | 2 | 32,484 | 1,145 | (52) | (2,262) | 7,234 | – | 42,512 | 81,063 | 4,658 | 85,721 |
| Profit for the year | – | – | – | – | – | – | – | 26,149 | 26,149 | 607 | 26,756 |
| Other comprehensive loss | – | – | – | 63 | (911) | – | – | – | (848) | – | (848) |
| Total comprehensive income for the year | – | – | – | 63 | (911) | – | – | 26,149 | 25,301 | 607 | 25,908 |
| Recognition of equity-settled share-based payment expense - *Note 25* | – | – | – | – | – | – | 486 | – | 486 | – | 486 |
| Capitalisation issue - *Note 26* | 2,998 | (2,998) | – | – | – | – | – | – | – | – | – |
| Issue of new ordinary shares, net of listing expense - *Note 26* | 1,000 | 123,588 | – | – | – | – | – | – | 124,588 | – | 124,588 |
| At 31.12.2020 and 1.1.2021 | 4,000 | 153,074 | 1,145 | 11 | (3,173) | 7,234 | 486 | 68,661 | 231,438 | 5,265 | 236,703 |
| Loss for the year | – | – | – | – | – | – | – | (26,020) | (26,020) | 533 | (25,487) |
| Other comprehensive income | – | – | – | (673) | 880 | – | – | – | 207 | – | 207 |
| Total comprehensive loss for the year | – | – | – | (673) | 880 | – | – | (26,020) | (25,813) | 533 | (25,280) |
| Recognition of equity-settled share-based payment expense - *Note 25* | – | – | – | – | – | – | 1,993 | – | 1,993 | – | 1,993 |
| Dividends recognised as distribution | – | – | – | – | – | – | – | (8,000) | (8,000) | – | (8,000) |
| **At 31.12.2021** | **4,000** | **153,074** | **1,145** | **(662)** | **(2,293)** | **7,234** | **2,479** | **34,641** | **199,618** | **5,798** | **205,416** |

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.

# Consolidated statements of cash flows

*For the year ended 31 December 2021*

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| (Loss)/profit before income tax | **(24,455)** | 38,124 |
| Adjustments for: | | |
| Fair value loss/(gain) arising from financial instruments at fair value through profit or loss | **2,036** | (1,284) |
| Amortisation of intangible assets | **98** | 22 |
| Depreciation of plant and equipment | **1,447** | 925 |
| Depreciation of right-of-use assets | **1,892** | 1,585 |
| Gain on disposal of plant and equipment | **(81)** | – |
| Interest income | **(3)** | (289) |
| Interest expense | **105** | 121 |
| Share of results of associates | **301** | (123) |
| Equity-settled share-based payment expense | **1,993** | 486 |
| Operating (loss)/profit before working capital changes | **(16,667)** | 39,567 |
| Changes in working capital: | | |
| Accounts receivables | **27,416** | (29,402) |
| Other receivables | **6,945** | (8,246) |
| Deposits placed with a broker | **(87)** | 104 |
| Amount due from an associate | **–** | 471 |
| Payable to a broker | **–** | (97) |
| Accruals and other payables | **(15,509)** | 14,439 |
| Cash generated from operations | **2,098** | 16,836 |
| Interest received | **3** | 289 |
| Hong Kong profits tax paid | **(7,111)** | (11,111) |
| Overseas income tax paid | **–** | (6,324) |
| **Net cash used in operating activities** | **(5,010)** | (310) |
| **Cash flows from investing activities** | | |
| Acquisition of financial assets at fair value through profit or loss | **(8,000)** | – |
| Acquisition of an associate | **–** | (3,288) |
| Purchases of plant and equipment | **(3,298)** | (495) |
| Purchases of software | **(904)** | – |
| Proceeds from disposals of plant and equipment | **81** | – |
| **Net cash used in investing activities** | **(12,121)** | (3,783) |

*For the year ended 31 December 2021*

| | **2021**<br>**HK$'000** | 2020<br>HK$'000 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Principal element of lease rentals payment | **(1,993)** | (1,624) |
| Interest element of lease rentals payment | **(74)** | (120) |
| Proceeds from issue of shares, net of listing expenses | **–** | 124,588 |
| Dividend paid | **(8,000)** | – |
| Interest paid | **(31)** | (1) |
| **Net cash (used in)/generated from financing activities** | **(10,098)** | 122,843 |
| **Net (decrease)/increase in cash and cash equivalents** | **(27,229)** | 118,750 |
| **Cash and cash equivalents at beginning of the year** | **188,589** | 69,765 |
| **Effect of foreign exchange rate changes** | **(789)** | 74 |
| **Cash and cash equivalents at end of the year** | **160,571** | 188,589 |
| **Analysis of the balance of cash and cash equivalents** | | |
| Cash at bank | **160,571** | 188,589 |

# Notes to the 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 and its principal place of business is located at Suites 2902-30, 29/F., Tower 2, The gateway, Harbour City, Kowloon, Hong Kong.

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

The consolidated financial statements has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The 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.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

## 2. Basis of preparation (cont'd)

### (a) Initial application of HKFRSs

In the current year, the Group initially applied the following new and revised HKFRSs:

| | |
|---|---|
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform - Phase 2 |
| Amendments to HKFRS 16 | Covid-19-Related Rental Concessions |

The initial application of the above new and revised HKFRSs has had no significant financial impact on these consolidated financial statements.

### (b) HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to HKFRS 16 | Covid-19-Related Rental Concessions beyond 30 June 2021[1] |
| HKFRS 17 | Insurance Contracts and the related Amendments[3] |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework[2] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current[3] |
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use[2] |
| Amendments to HKAS 37 | Onerous Contracts - Cost of Fulfilling a Contract[2] |
| Annual Improvements to HKFRSs 2018-2020 | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41[2] |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosures of Accounting Policies[3] |
| Amendments to HKAS 8 | Definition of Accounting Estimates[3] |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4] |

[1] Effective for annual periods beginning on or after 1 April 2021

[2] Effective for annual periods beginning on or after 1 January 2022

[3] Effective for annual periods beginning on or after 1 January 2023

[4] Effective for annual periods beginning on or after a date to be determined

## 3. Summary of significant accounting policies

### (a) Basis of consolidation

The consolidated financial statements present the financial information of the Company and entities controlled by the Company as if they are a single economic entity. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commenced or up to the date that control ceased. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When a subsidiary is derecognised for loss of control, any investment retained in the former subsidiary is initially measured at its fair value at the date when control is lost.

### (b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

## 3. Summary of significant accounting policies (cont'd)

### (b) Subsidiaries (cont'd)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the statement of financial position of the Company, investments in subsidiaries are stated at cost less impairment losses.

### (c) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

## 3. Summary of significant accounting policies (cont'd)

### (c) Associates (cont'd)

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

### (d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

**3. Summary of significant accounting policies (cont'd)**

(d) Plant and equipment (cont'd)

Depreciation is calculated to write off the cost of plant and equipment on a straight-line basis over their estimated useful lives:

| | |
|---|---|
| Furniture and fixtures | - 20% to 33 1/3 % |
| Computer equipment | - 33 1/3 % to 50% |
| Office equipment | - 20% to 33 1/3 % |
| Leasehold improvements | - over the lease term |

Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the estimated net sale proceeds and the carrying amount of the asset and is recognised in profit or loss at the date of retirement or disposal.

(e) Intangible assets

Intangible assets represent licence cost of software and cost of self-developed software.

Intangible asset is stated at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of 3 years. At the end of each reporting period, the Group reviews the carrying amount of its intangible asset to determine whether there is any indication that the intangible asset has suffered an impairment loss.

(f) Financial assets

The Group classifies its financial assets into one of the following measurement categories at initial recognition as subsequently measured at: FVPL, amortised cost and FVOCI. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instruments, or the election of fair value option. All financial assets are recognised initially at fair value. Except for financial assets carried at FVPL, all transaction costs of financial assets are included in their initial carrying amounts.

*Financial assets at fair value through profit or loss*

A financial asset which has been acquired or incurred principally for the purpose of selling in the short term or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking is classified as held for trading. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

These assets are recognised initially at fair value, with transaction costs taken directly to the profit of loss, and are subsequently re-measured at fair value.

Gains and losses from changes in the fair value of such assets (excluding the interest component) are reported in net trading gain/loss or net gain/loss on financial instruments designated at FVPL. The interest component is reported as part of the interest income. Dividends on equity instruments of this category are also recognised in net trading gain/loss or net gain/loss on financial instruments designated at FVPL when the Group's right to receive payment is established.

## 3. Summary of significant accounting policies (cont'd)

### (f) Financial assets (cont'd)

*Financial assets at amortised cost*

Financial assets are classified as subsequently measured at amortised cost if both of the following conditions are met: (i) the financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows ("hold-to-collect" business model), and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates. They are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less allowances for impairment losses. Interest income which includes the amortisation of premium or discount is calculated using the effective interest method and is recognised in the profit or loss, gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

*Financial assets at FVOCI*

Debt instruments are classified as subsequently measured at FVOCI if both of the following conditions are met: (i) the financial assets are held within a business model with the objective of both holding to collect contractual cash flows and selling, and (ii) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Financial assets at FVOCI are initially recognised at fair value plus any directly attributable transaction costs, and are subsequently measured at fair value. Unrealised gains or losses arising from changes in the fair value of the financial assets are recognised directly in other comprehensive income, until the financial asset is derecognised or impaired at which time the accumulated gain or loss previously recognised in equity should be transferred to the profit or loss. However, interest income which includes the amortisation of premium and discount is calculated using the effective interest method and is recognised in the profit or loss.

For equity investments, an irrevocable election can be made at initial recognition to recognise unrealised and realised fair value gains or losses in other comprehensive income without subsequent reclassification of fair value gains or losses to the profit or loss even upon disposal. Dividends on equity instruments classified as FVOCI are recognised in other operating income when the Group's right to receive payment is established. Equity instruments designated at FVOCI are not subject to impairment assessment.

### (g) Receivables

Receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before the payment of consideration is due. They are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less allowance for expected credit losses.

## 3. Summary of significant accounting policies (cont'd)

### (h) Expected credit losses ("**ECLs**")

#### (i) ECLs from receivables

Loss allowances for lifetime expected credit losses on accounts receivable are estimated with reference to historical percentages of bad debts recognised to relevant revenue from customers, adjusted for forward-looking factors specific to the customers and the economic environment which could affect customers' ability to pay and are recognised only when the amounts are material.

Loss allowances for lifetime expected credit losses on other receivables measured at amortised cost are recognised if contractual payments are more than 30 days past due, unless there is reasonable and supportable information that credit risk has not increased significantly, estimated by the probability-weighted present value of all expected cash shortfalls over the expected life of the instrument. In the absence of a significant increase in credit risk since initial recognition, loss allowances for 12-month expected credit losses are estimated by the probability-weighted present value of expected cash shortfalls within 12 months after the reporting date and are recognised only when the amounts are material.

#### (ii) ECLs from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

When the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

### 3. Summary of significant accounting policies (cont'd)

(h) Expected credit losses ("**ECLs**") (cont'd)

(ii) ECLs from financial guarantees issued (cont'd)

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount recognised as deferred income within other payables in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured.

(i) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that these non-financial assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation increase.

## 3. Summary of significant accounting policies (cont'd)

### (j) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (k) Payables and accruals

Payables and accruals are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial in which case they are stated at cost.

### (l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

### (m) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, on the following basis:

(i) Management and performance fee income is recognised over time with reference to time elapsed, which faithfully depicts the relative value of the services provided to customer to date. Management fee is determined based on the net assets value under management. Performance fee is receivable if and when certain conditions are met. The performance fee is variable consideration which is only included in the transaction price if it is highly probable that the amount of revenue recognised would not be subject to significant future reversals as a result of subsequent re-estimation;

(ii) Consultancy service fee income is recognised at a point in time when the relevant services have been rendered.

(iii) Dividend income is recognised when the right to receive payment is established; and

(iv) Interest income is recognised as it accrues using the effective interest method.

## 3. Summary of significant accounting policies (cont'd)

### (n) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in profit or loss as incurred.

### (o) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes profit or loss items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity respectively.

## 3. Summary of significant accounting policies (cont'd)

### (p) Foreign currencies translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entities operate ("**the functional currency**"). These consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional currency.

#### (ii) Transactions and balances

Foreign currency transactions during the period are translated into functional currency at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the market exchange rates ruling at the end of the reporting period. Differences arising from foreign currency translation are dealt with in profit or loss.

#### (iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of other comprehensive income.

## 3. Summary of significant accounting policies (cont'd)

(q) Leases

**Definition of a lease**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

**The Group as lessee**

*Short-term leases*

The Group applies the short-term lease recognition exemption to leases of leasehold land and buildings that has a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight line basis over the lease term.

*Right-of-use assets*

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

## 3. Summary of significant accounting policies (cont'd)

### (q) Leases (cont'd)

*Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

*Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

## 3. Summary of significant accounting policies (cont'd)

(q) Leases (cont'd)

*Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

*Taxation*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

(r) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3. Summary of significant accounting policies (cont'd)

(s) Share-based payment transactions

The Group operates an equity-settled share option scheme. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group reviews its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

(t) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (t)(a) above;

(vii) a person identified in (t)(a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 4. Significant accounting judgements and estimates

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### (a) Current and deferred taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is subject to the agreement by the relevant tax authority. The Group recognises liabilities for such transactions based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when the management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

### (b) Impairment of non-financial assets

The Group has to exercise judgement in determining whether an non-financial asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of a non-financial asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

### (c) Useful life of plant and equipment and intangible assets

The cost of plant and equipment and intangible assets with definite useful lives are depreciated and are amortised on a straight-line basis over the estimated economic useful lives. Management estimates the useful lives to be within 3 to 5 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future amortisation and depreciation charges could be revised. The carrying amounts of the plant and equipment and intangible assets at the reporting date are disclosed in Notes 14 and 16 to the consolidated financial statements respectively.

## 4. Significant accounting judgements and estimates (cont'd)

(d) Investment funds managed by the Group

The Group holds a certain degree of direct interest in one of the funds managed by us. When determining whether the Group controls the fund, usually the level of aggregate economic interests of the Group in the fund, fund manager's scope of decision-making rights and the level of investors' rights to remove the investment manager will be taken into consideration.

In accordance with HKFRS 10, an investor controls an investee if and only if the investor has all of the following elements: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; (c) the ability to use its power over the investee to affect the amount of the investor's returns. In assessing whether power is present, the Group will not have power over the fund if the fund manager can be removed at any time. As regards variable returns, all economic interests arising from the funds, including the extent of direct interest in these funds, regular management fee charged and performance fee obtained will be taken into consideration, the Group uses 20% as the point of reference in assessing whether we expose, or have rights, to significant variable returns from our involvement with the investee.

The financials of the funds managed by the Group were not consolidated into the Group's financials because the Group does not have control over these funds taken into account of all the aforementioned elements in accordance with HKFRS 10.

(e) Fair value measurements and valuation process

Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where observable market data are not available, the Group engages independent qualified valuer to perform the valuation and works closely with independent qualified valuer to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. The use of valuation models and assumptions in valuing these financial instruments is subjective and requires varying degrees of judgement

(f) Recognition of share-based payment expense

The fair value of the share options granted by the Group is estimated using Black-Scholes option pricing model. Significant estimate on assumptions, such as share price volatility and dividend yield, is required to be made by the directors in applying the option pricing model. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the share options, which may in turn significantly impact the determination of the share-based payment expense.

## 5. Segment information

Information reported to the executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. CODM considers the business from service perspectives whereby assesses the performance of the services based on revenue generated in the course of the ordinary activities of a recurring nature of the Group.

CODM considers the business of the Group as a whole as the Group is primarily engaged in asset management service and consultancy service, however no discrete financial information is available for identifying operating segments among different services, therefore no further analysis of segment information is presented.

(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 during the year is as follows:

| | ***2021 HK$'000*** | *2020 HK$'000* |
|---|---|---|
| Hong Kong | **43,044** | 88,737 |
| Chicago | **15,873** | 43,276 |
| | **58,917** | 132,013 |

However, no information in respect of revenues from external customers attributed to Hong Kong and the United States was presented, as the necessary information is not available and the cost to develop it would be excessive in the opinion of the management of the Group.

(b) Information about major customers

During the year, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows:

| | ***2021 HK$'000*** | *2020 HK$'000* |
|---|---|---|
| Customer A | **26,659** | 60,458 |
| Customer B | **N/A**[(1)] | 16,169 |
| Customer C | **15,873** | 24,691 |
| Customer D | **7,641** | N/A[(1)] |
| Customer E | **N/A**[(1)] | 18,586[(1)] |

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

## 6. Revenue and other income

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

### Revenue

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| **Revenue from funds and managed accounts** | | |
| Management fee income | **57,963** | 60,266 |
| Performance fee income | **–** | 70,481 |
| | **57,963** | 130,747 |
| **Revenue from consultancy services** | **954** | 1,266 |
| | **58,917** | 132,013 |

Timing of revenue recognition:

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| At a point in time | **954** | 1,266 |
| Over time | **57,963** | 130,747 |
| | **58,917** | 132,013 |

The Group has applied the practical expedient of not disclosing information about remaining performance obligations that have original expected duration of one year or less.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period has not been disclosed because either of the following conditions is met:

(i) as those performance obligations are part of customer contracts that have original expected duration of one year or less; or

(ii) the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

## 6. Revenue and other income (cont'd)

**Other income**

| | **2021** **HK$'000** | 2020 HK$'000 |
|---|---|---|
| Gain on disposal of plant and equipment | **81** | – |
| Interest income | **3** | 289 |
| Exchange gain, net | **–** | 38 |
| Sundry income | **1** | 1 |
| | **85** | 328 |

## 7. Finance costs

| | **2021** **HK$'000** | 2020 HK$'000 |
|---|---|---|
| Interest expense on lease liabilities | **74** | 120 |
| Other finance costs | **31** | 1 |
| | **105** | 121 |

## 8. (Loss)/profit before income tax

| | **2021** **HK$'000** | 2020 HK$'000 |
|---|---|---|
| (Loss)/profit before income tax is arrived at after charging: | | |
| Amortisation of intangible assets | **98** | 22 |
| Auditor's remuneration | **1,102** | 1,430 |
| Depreciation of plant and equipment | **1,447** | 925 |
| Depreciation of right-of-use assets | **1,892** | 1,585 |
| Employee benefits (including directors' remuneration) | | |
| - Salaries and other benefits | **40,030** | 47,533 |
| - Equity-settled share-based payment expense | **1,993** | 486 |
| - Pension scheme contributions | **1,393** | 1,007 |
| | **43,416** | 49,026 |
| Exchange loss | **607** | – |
| Interest expense on lease liabilities | **74** | 120 |
| Listing expense | **–** | 13,094 |
| Short-term lease expenses | **543** | 682 |

## 9. Directors' remuneration

The remuneration paid or payable to the directors of the Company (including the remuneration for services as directors/ employees of the group entities) during the year are as follows:

| | Fees HK$'000 | Salaries and allowances HK$'000 | Pension scheme contributions HK$'000 | Discretionary bonus HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2021** | | | | | |
| *Executive directors:* | | | | | |
| Mr. Van Put | **–** | **4,469** | **18** | **–** | **4,487** |
| Mr. Heijboer | **–** | **4,668** | **18** | **–** | **4,686** |
| Mr. Hekster | **–** | **4,203** | **191** | **–** | **4,394** |
| Mr. Van Bakel | **–** | **2,078** | **9** | **–** | **2,087** |
| *Independent non-executive directors:* | | | | | |
| Mr. Jeronimus Mattheus Tielman | **384** | **–** | **–** | **–** | **384** |
| Ms. Wan Ting Pai | **384** | **–** | **–** | **–** | **384** |
| Mr. Ming Tak Ngai | **384** | **–** | **–** | **–** | **384** |
| | **1,152** | **15,418** | **236** | **–** | **16,806** |
| **Year ended 31 December 2020** | | | | | |
| *Executive directors:* | | | | | |
| Mr. Van Put | – | 4,162 | 18 | 2,520 | 6,700 |
| Mr. Heijboer | – | 4,207 | 18 | 2,584 | 6,809 |
| Mr. Hekster | – | 3,922 | 124 | 2,564 | 6,610 |
| Mr. Van Bakel | – | 2,088 | 18 | 1,264 | 3,370 |
| *Independent non-executive directors:* | | | | | |
| Mr. Jeronimus Mattheus Tielman | 295 | – | – | – | 295 |
| Ms. Wan Ting Pai | 295 | – | – | – | 295 |
| Mr. Ming Tak Ngai | 295 | – | – | – | 295 |
| | 885 | 14,379 | 178 | 8,932 | 24,374 |

Four executive directors received US$1 each of director fee for the years ended 31 December 2021 and 2020.

On 16 March 2020, Mr. Jeronimus Mattheus Tielman, Ms. Wan Ting Pai and Mr. Ming Tak Ngai were appointed as independent non-executive directors.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

For the years ended 31 December 2021 and 2020, no emoluments was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

## 10. Five highest paid employees

An analysis of the five highest paid individuals during the year are as follows:

| | Number of individuals | |
|---|---|---|
| | **2021** | 2020 |
| Director | **4** | 4 |
| Non director | **1** | 1 |
| | **5** | 5 |

Details of the directors' remuneration are set out in Note 9 above.

Details of the remuneration of the remaining highest paid non-director individual are as follows:

| | **2021** **HK$'000** | 2020 HK$'000 |
|---|---|---|
| Salaries, allowances and other benefits | **3,407** | 3,208 |
| Discretionary bonus | **1,049** | 615 |
| Inducement | **–** | – |
| Pension scheme contributions | **–** | – |
| | **4,456** | 3,823 |

The emolument of five (2020: five) individuals with the highest emoluments are fall within the following bands:

| | **2021** | 2020 |
|---|---|---|
| HK$2,000,001 to HK$2,500,000 | **1** | – |
| HK$3,000,001 to HK$3,500,000 | **–** | 1 |
| HK$3,500,001 to HK$4,000,000 | **–** | 1 |
| HK$4,000,001 to HK$4,500,000 | **3** | – |
| HK$4,500,001 to HK$5,000,000 | **1** | – |
| HK$6,500,001 to HK$7,000,000 | **–** | 3 |

## 11. Income tax expense

(a) Income tax expense for the year represents:

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| Current tax – Hong Kong | | |
| Provision for the year | **1,082** | 5,084 |
| Over-provision in prior year | **(50)** | – |
| | **1,032** | 5,084 |
| Current tax – United States | | |
| Provision for the year | **–** | 3,438 |
| Under-provision in prior year | **–** | 56 |
| Withholding tax on royalty income | **–** | 2,790 |
| | **–** | 6,284 |
| | **1,032** | 11,368 |

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%. Withholding tax has been provided at 30% of the royalty income payable from a subsidiary incorporated in the United States to a subsidiary incorporated in Hong Kong.

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.

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 operate 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.

## 11. Income tax expense (cont'd)

(b) Income tax expense for the year can be reconciled to the (loss)/profit before income tax as follows:

| | **2021** **HK$'000** | 2020 HK$'000 |
|---|---|---|
| (Loss)/profit before income tax | **(24,455)** | 38,124 |
| Tax effect at the profits tax rate of 16.5% | **(4,035)** | 6,290 |
| Tax effect of income that is not taxable | **(116)** | (449) |
| Tax effect of expense that is not deductible | **949** | 2,729 |
| Tax effect of unrecognised (accelerated)/decelerated tax allowance | **(1)** | 62 |
| Tax effect of unrecognised tax losses | **5,144** | 770 |
| Tax effect of unrecognised tax losses utilised | **–** | (2,048) |
| Tax concession | **(165)** | (165) |
| (Over)/under-provision in prior year | **(50)** | 56 |
| Effect of tax rates in foreign jurisdictions | **(694)** | 4,123 |
| Income tax expense | **1,032** | 11,368 |

(c) The components of unrecognised deductible/(taxable) temporary differences are as follows:

| | **2021** **HK$'000** | 2020 HK$'000 |
|---|---|---|
| Deductible temporary differences – Note 11(c)(i) | | |
| Unutilised tax loss | **37,951** | 14,847 |
| Decelerated depreciation allowances | **934** | 357 |
| | **38,885** | 15,204 |
| Taxable temporary difference – Note 11(c)(ii) | | |
| Accelerated depreciation allowances | **(771)** | (321) |
| Net deductible temporary difference | **38,114** | 14,883 |

(i) Deductible temporary differences have not been recognised in these consolidated financial statements owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. Tax losses of HK$427,000 (2020: HK$284,000) may be carried forward for up to five years. Other tax losses may be carried forward indefinitely.

(ii) Taxable temporary difference has not been recognised in these consolidated financial statements owing to immateriality.

## 12. Dividend

During the year ended 31 December 2021, a final dividend of HK$0.02 per share in respect of the year ended 31 December 2020 was declared to the owners of the Company. The aggregate amount of the final dividend declared amounted to HK$8,000,000 was paid in May 2021.

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2021.

No dividend was paid or proposed during the year ended 31 December 2020.

## 13. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 400,000,000 (2020: 321,038,251) shares in issue during the year. The weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share for the year ended 31 December 2020 has been determined after adjusting for the capitalisation issue in connection with the listing of the Company on 16 October 2020 as disclosed in Note 26.

The calculations of the basic and diluted (loss)/earnings per share are based on the following data:

| | ***2021*** | *2020* |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **(Loss)/earnings** | | |
| (Loss)/profit for the year attributable to the owners of the Company | **(26,020)** | 26,149 |
| **Number of shares** | ***2021*** | *2020* |
| Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation | **400,000,000** | 321,038,251 |
| Effect of dilution – weighted average number of ordinary shares: Share options – Note | **–** | – |
| | **400,000,000** | 321,038,251 |

Note:

Diluted loss per share for the year ended 31 December 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 (2020: diluted earnings per share is the same as the basic earnings per share as there were no potential ordinary shares).

## 14. Plant and equipment

| | *Furniture and fixtures HK$'000* | *Computer equipment HK$'000* | *Office equipment HK$'000* | *Leasehold improve-ments HK$'000* | *Total HK$'000* |
|---|---|---|---|---|---|
| Cost: | | | | | |
| At 1.1.2020 | 464 | 3,337 | 77 | 1,396 | 5,274 |
| Additions | 19 | 476 | – | – | 495 |
| At 31.12.2020 and 1.1.2021 | 483 | 3,813 | 77 | 1,396 | 5,769 |
| Additions | 130 | 3,168 | – | – | 3,298 |
| Disposals | – | (52) | – | – | (52) |
| **At 31.12.2021** | **613** | **6,929** | **77** | **1,396** | **9,015** |
| Accumulated depreciation: | | | | | |
| At 1.1.2020 | 293 | 2,550 | 50 | 532 | 3,425 |
| Charge for the year | 75 | 468 | 12 | 370 | 925 |
| At 31.12.2020 and 1.1.2021 | 368 | 3,018 | 62 | 902 | 4,350 |
| Charge for the year | 105 | 964 | 12 | 366 | 1,447 |
| Eliminated on disposals | – | (52) | – | – | (52) |
| **At 31.12.2021** | **473** | **3,930** | **74** | **1,268** | **5,745** |
| Net carrying value: | | | | | |
| **At 31.12.2021** | **140** | **2,999** | **3** | **128** | **3,270** |
| At 31.12.2020 | 115 | 795 | 15 | 494 | 1,419 |

## 15. Right-of-use assets

| | Office premise HK$'000 |
|---|---|
| Cost: | |
| At 1.1.2020, 31.12.2020 and 1.1.2021 | 4,745 |
| Additions | 744 |
| **At 31.12.2021** | **5,489** |
| Accumulated depreciation: | |
| At 1.1.2020 | 1,190 |
| Charge for the year | 1,585 |
| At 31.12.2020 and 1.1.2021 | 2,775 |
| Charge for the year | 1,892 |
| **At 31.12.2021** | **4,667** |
| Net carrying value: | |
| **At 31.12.2021** | **822** |
| At 31.12.2020 | 1,970 |

The Group leases various offices for its operations. Lease contracts are entered into for fixed term of four months to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group is not allowed to sublet the premise unless prior approval is given by the landlord in writing.

Lease contracts with lease term of one year or less are classified as short-term leases. Lease contracts with lease term of more than one year is reflected on the consolidated statement of financial position as right-of-use assets and lease liabilities.

## 16. Intangible assets

| Cost: | Cost of self-developed software HK$'000 | Software HK$'000 | Total HK$'000 |
|---|---|---|---|
| At 1.1.2020, 31.12.2020 and 1.1.2021 | 3,212 | 135 | 3,347 |
| Additions | – | 904 | 904 |
| **At 31.12.2021** | **3,212** | **1,039** | **4,251** |
| Accumulated amortisation: | | | |
| At 1.1.2020 | 3,212 | 76 | 3,288 |
| Charge for the year | – | 22 | 22 |
| At 31.12.2020 and 1.1.2021 | 3,212 | 98 | 3,310 |
| Charge for the year | – | 98 | 98 |
| **At 31.12.2021** | **3,212** | **196** | **3,408** |
| Net carrying value: | | | |
| **At 31.12.2021** | **–** | **843** | **843** |
| At 31.12.2020 | – | 37 | 37 |

## 17. Investments in associates

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| Cost of unlisted investments in associates | **8,015** | 8,015 |
| Share of result | **(357)** | (56) |
| Gain on dilution of interest in an associate | **90** | – |
| Accumulated impairment loss | **(4,520)** | (4,520) |
| Exchange realignment | **(13)** | (39) |
| | **3,215** | 3,400 |

Notes:

(a) As at 31 December 2021, the Group had interests in the following associates established and operating in the People's Republic of China.

| *Name of associates* | *Registered capital* | *Percentage of ownership interest held directly by the Group* **2021** | *2020* | *Principal activities* |
|---|---|---|---|---|
| 群益志投科技(成都)有限公司 (Capital True Partner Technology Co., Ltd.) | RMB1,000,000 | **49%** | 49% | Provision of IT software development services |
| 浙江紅藍牧投資管理有限公司 (Holland & Muh Investment Management Co., Ltd.) — (i) | RMB10,000,000 | **25%** | 30% | Providing investment management services |

During the year ended 31 December 2021, Holland & Muh Investment Management Co., Ltd. ("**Holland & Muh**") issued and registered new shares to certain investors. Consequently, the Group's interest in Holland & Muh was diluted from 30% to 25%. The difference between (1) the decrease in the carrying value of the Group's interest in Holland & Muh resulting from the decrease in shareholding; and (2) the Group's share of the proceeds received for the new shares issued resulted in a dilution gain of approximately HK$90,000 and was recognised in profit or loss for the year.

## 17. Investments in associates (cont'd)

(b) Summarised financial information of associates are as follows:

| | *Capital True Partner Technology Co., Ltd.* *HK$'000* | *Holland & Muh Investment Management Co., Ltd.* *HK$'000* |
|---|---|---|
| **As at 31 December 2021** | | |
| Gross amounts of the associates | | |
| Current assets | 1,185 | 12,027 |
| Non-current assets | 1,210 | – |
| Current liabilities | 596 | 18 |
| Non-current liabilities | 364 | – |
| Net assets | 1,435 | 12,009 |
| **For the year ended 31 December 2021** | | |
| Revenue | 6,224 | 53 |
| Profit/(loss) for the year | – | (1,143) |
| Other comprehensive income | – | – |
| Total comprehensive income/(loss) for the year | – | (1,143) |

| | *Capital True Partner Technology Co., Ltd.* *HK$'000* | *Holland & Muh Investment Management Co., Ltd.* *HK$'000* |
|---|---|---|
| **As at 31 December 2020** | | |
| Gross amounts of the associates | | |
| Current assets | 1,073 | 10,302 |
| Non-current assets | 739 | 16 |
| Current liabilities | 424 | 19 |
| Non-current liabilities | – | – |
| Net assets | 1,388 | 10,299 |
| **For the year ended 31 December 2020** | | |
| Revenue | 5,212 | 20 |
| Profit/(loss) for the year | 297 | (768) |
| Other comprehensive income | – | – |
| Total comprehensive income/(loss) for the year | 297 | (768) |

## 18. Financial assets/liabilities at fair value through profit or loss

| | **2021** **HK$'000** | 2020 HK$'000 |
|---|---|---|
| **Non-current assets** | | |
| At fair value: | | |
| Investment in an unlisted investment fund – Note 18(a) | **17,676** | 19,712 |
| **Current assets** | | |
| At fair value: | | |
| Investment in an unlisted money market fund | **8,000** | – |
| **Current liabilities** | | |
| At fair value: | | |
| Short position with the underlying equity securities listed in Hong Kong | **2** | 2 |

Note:

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

## 19. Financial assets at fair value through other comprehensive income

| | **2021** **HK$'000** | 2020 HK$'000 |
|---|---|---|
| Unlisted shares, at fair value – Note 19(a) | **3,707** | 2,827 |

Note:

(a) The investment represents equity interest in an unlisted company incorporated in Hong Kong. On 11 November 2021, a wholly owned subsidiary of the Company – True Partner Holding Limited ("**TPH**") entered into a disposal agreement, pursuant to which TPH agreed to sell, and Capital Futures Corp. ("**CFC**") agreed to purchase the interest in the unlisted company. The disposal was completed on 15 February 2022. Upon completion, TPH does not own any interest in the unlisted company. 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.

## 20. Accounts receivable

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| Consultancy service fee receivable | **573** | 939 |
| Management fee receivable | **8,210** | 9,977 |
| Performance fee receivable | **–** | 25,283 |
| | **8,783** | 36,199 |

Notes:

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

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| Less than 30 days | **8,783** | 36,010 |
| 31 – 60 days | **–** | – |
| 61 – 90 days | **–** | – |
| Over 90 days but less than 1 year | **–** | 189 |
| | **8,783** | 36,199 |

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

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| Not past due | **8,210** | 35,260 |
| 1 – 30 days | **573** | 750 |
| 31 – 60 days | **–** | – |
| Over 90 days but less than 1 year | **–** | 189 |
| | **8,783** | 36,199 |

## 21. Other receivables

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| Deposits | **1,247** | 1,086 |
| Other receivables | **1,708** | 8,877 |
| Prepayments | **3,213** | 3,150 |
| | **6,168** | 13,113 |

## 22. Cash and cash equivalents

Cash and cash equivalents consist entirely of cash on hand and balance with banks.

## 23. Accruals and other payables

| | **2021**<br>**HK$'000** | *2020*<br>*HK$'000* |
|---|---|---|
| Accrued employee benefits | **4,418** | 15,385 |
| Accrued expenses | **3,690** | 3,439 |
| Other payables | **1,698** | 6,491 |
| | **9,806** | 25,315 |

## 24. Lease liabilities

The remaining contractual maturities of lease liabilities are as follows:

| | ***Minimum lease payments*** | | ***Present value of minimum lease payments*** | |
|---|---|---|---|---|
| | ***As at 31.12.2021 HK$000*** | *As at 31.12.2020 HK$000* | ***As at 31.12.2021 HK$000*** | *As at 31.12.2020 HK$000* |
| Within 1 year | **824** | 1,744 | **810** | 1,690 |
| More than 1 year but within 2 years | **64** | 436 | **64** | 433 |
| | **888** | 2,180 | **874** | 2,123 |
| Less: | | | | |
| Future interest expense | **(14)** | (57) | | |
| Present value of lease liabilities | **874** | 2,123 | | |

The total cash outflow for leases for the year ended 31 December 2021 was HK$2,610,000 (2020: HK$2,426,000).

## 25. Share-based payment transactions

*Share option scheme*

The Pre-IPO Share Option Scheme ("**the Scheme**") was conditionally adopted pursuant to the written resolutions of all shareholders passed on 13 February 2020. The purpose of the 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. The Scheme is conditional on the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the shares of the Company which may be issued pursuant to the exercise of options grant under the Scheme.

The Scheme is valid and effective for a period of 2 years commencing on the date that the shares of the Company are listed on the Stock Exchange (the "**Listing Date**").

At 31 December 2021, options to subscribe for an aggregate of 7,947,488 (2020: 8,997,804) ordinary shares representing not more than 1.99% (2020: 2.25%) of the total issued share capital of the Company were granted under the Scheme. The maximum number of shares issuable under share options to each grantee does not exceed 1% of the shares of the Company in issue. No further options will be offered or granted under the Scheme. A total of 12 employees have been granted options under the Scheme. HK$1 was given by each of the grantees as the consideration for the share options. The vesting date of the options is the second anniversary of the Listing Date. Each option granted under the Scheme is exercisable for a period of six months after the vesting date and the exercise price is HK$0.7 per share option.

## 25. Share-based payment transactions (cont'd)

*Share option scheme (cont'd)*

Details of the movements of the share options granted pursuant to the Scheme during the year are as follows:

| | Number of share options | |
|---|---|---|
| | **2021** | 2020 |
| Outstanding at beginning of the year | **8,997,804** | – |
| Granted during the year | **–** | 8,997,804 |
| Forfeited during the year | **(1,050,316)** | – |
| Exercised during the year | **–** | – |
| Expired during the year | **–** | – |
| | **7,947,488** | 8,997,804 |
| Exercisable at the end of the year | **–** | – |

The fair value of the share option granted under the Scheme was approximately HK$4,641,000. During the year, the Group recognised equity-settled share-based payment expense of approximately HK$1,993,000 (2020: HK$486,000) in profit or loss with the corresponding amount being recognised in share option reserve in equity.

The fair value of the share options granted was estimated as at the Listing Date, i.e. 16 October 2020, using binomial option pricing model taking into account the terms and conditions which the share options were granted. The following principal assumptions were used in the valuation:

| | |
|---|---|
| Risk free rate | 0.51% |
| Option period | 2 years |
| Expected volatility | 53.15% |
| Dividend yield | 0% |

## 26. Share capital

| | Number of shares | Share capital HK$000 | Share premium HK$000 | Total HK$'000 |
|---|---|---|---|---|
| ***Authorised:*** | | | | |
| Ordinary shares of HK$0.01 each | | | | |
| At 1.1.2020 | 1,000,000 | 10 | | |
| Share creation – Note b | 9,999,000,000 | 99,990 | | |
| **At 31.12.2020, 1.1.2021 and 31.12.2021** | **10,000,000,000** | **100,000** | | |
| ***Issued and fully paid:*** | | | | |
| At 1.1.2020 | 218,220 | 2 | 32,484 | 32,486 |
| Capitalisation issue – Note c | 299,781,780 | 2,998 | (2,998) | – |
| Issue of new ordinary shares, net of payment of listing expense – Note d | 100,000,000 | 1,000 | 123,588 | 124,588 |
| **At 31.12.2020, 1.1.2021 and 31.12.2021** | **400,000,000** | **4,000** | **153,074** | **157,074** |

Notes:

(a) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 23 November 2018. Upon its incorporation, the authorised share capital of HK$10,000 was divided into 1,000,000 ordinary shares at HK$0.01 each.

(b) On 22 September 2020, by the creation of an additional 9,999,000,000 shares, the authorised share capital of the Company was increased from HK$10,000 divided into 1,000,000 shares each to HK$100,000,000 divided into 10,000,000,000 shares of par value HK$0.01 each.

(c) Pursuant to the resolutions of all Shareholders passed on 22 September 2020, subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of allotment and issuance of new shares pursuant to the Share Offer, Directors are authorised to allot and issue a total of 299,781,780 Shares credited as fully paid at par to the holders of shares on the register of members of the Company at the closing of business on 10 September 2020 in proportion to their shareholdings by way of capitalisation of the sum of approximately HK$2,997,818 standing to the credit of the share premium account of the Company.

(d) On 16 October 2020, 100,000,000 new shares of HK0.01 each of the Company were issued at a price of HK$1.40 per share, upon the Public Offering and listing of the shares of the Company on the Stock Exchange. The proceeds of HK$1,000,000 representing the par value of the new shares of the Company were credited to the Company's share capital. The remaining proceeds of approximately HK$139,000,000, before issue expenses, were credited to the Company's share premium.

## 27. Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The capital structure of the Group consists of equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group's capital structure is actively and regularly reviewed and managed by the Directors of the Company. Adjustments are made to the capital structure such as to issue new shares or to adjust dividend payment to shareholders in light of changes in economic conditions affecting the Group. The Group's overall strategy remains unchanged throughout the year.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes accruals and other payables, financial liabilities at fair value through profit or loss, lease liabilities and tax payable, net of cash and cash equivalents. Capital includes equity attributable to owners of the Company.

| | ***2021*** | *2020* |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Accruals and other payables | **9,806** | 25,315 |
| Financial liabilities at fair value through profit or loss | **2** | 2 |
| Lease liabilities | **874** | 2,123 |
| Tax payable | **641** | 4,778 |
| Less: cash and cash equivalents | **(160,571)** | (188,589) |
| | **(149,248)** | (156,371) |

As at 31 December 2021 and 2020, the Group had net cash and accordingly, no gearing ratios were presented.

One of the subsidiaries of the Company are registered with Hong Kong Securities and Futures Commission ("**Regulated Subsidiary**") and are subject to liquid capital requirements under Hong Kong Securities and Futures (Financial Resources) Rules ("**SF(FR)R**") of the Hong Kong Securities and Futures Ordinance ("**SFO**"). Under the SF(FR)R, the subsidiary must maintain its liquid capital (assets and liabilities adjusted as determined by SF(FR)R) in excess of HK$100,000 or 5% of their total adjusted liabilities, whichever is higher. Other than this, the Regulated Subsidiary is not subject to any externally imposed capital requirements. The Directors closely monitor, on a daily basis, the liquid capital level to ensure compliance with the liquid capital requirements under SF(FR)R. This externally imposed capital requirement has been complied with by the Regulated Subsidiary during the year.

## 28. Reserves

The amount of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

## 29. Related party transactions

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

| *Name of related parties* | *Nature of transactions* | *Note* | ***2021 HK$'000*** | *2020 HK$'000* |
|---|---|---|---|---|
| True Partner Fund ("**TPF**") | Management and performance fee income | (i), (ii) | **39,012** | 82,826 |
| True Partner Volatility Fund ("**TPVF**") | Management and performance fee income | (i), (iii) | **3,808** | 16,170 |

(i) A Director of the Company is a member of key management personnel of these funds.

(ii) For the year ended 31 December 2021, included in the management fee income from TPF is an amount of HK$364,000 (2020: HK$697,500) attributable to the investments in TPF held by True Partner Advisor Limited, a subsidiary of the Company.

(iii) For the year ended 31 December 2021, included in the management fee income from TPVF is an amount of HK$101,000 (2020: HK$62,000) attributable to the investments in TPVF held by a Director of the Company.

(b) Compensation of key management personnel

| | ***2021 HK$'000*** | *2020 HK$'000* |
|---|---|---|
| Short-term employee benefits | **16,570** | 24,196 |
| Pension scheme contributions | **236** | 178 |
| | **16,806** | 24,374 |

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.

(c) As disclosed in Notes 19 and 36 to the consolidated financial statements, on 11 November 2021, a wholly owned subsidiary of the Company – True Partner Holding Limited ("**TPH**") entered into a disposal agreement, pursuant to which TPH agreed to sale, and Capital Futures Corp. ("**CFC**") agreed to purchase the financial assets at fair value through other comprehensive income. CFC holds 49% of equity interest in True Partner Advisor Hong Kong Limited ("**TPAHK**"). On the same date, a wholly owned subsidiary of the Company – True Partner Advisor Limited ("**TPA**") entered into an acquisition agreement, pursuant to which CFC agreed to sell, and TPA agreed to purchase 49% of equity interest in TPAHK. 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.

## 30. Operating lease commitments

As at 31 December 2021, the Group had the following commitments for future minimum lease payments in respect of short-term leases.

| | **2021 HK$'000** | 2020 HK$'000 |
|---|---|---|
| Within one year | **229** | 143 |

## 31. Reconciliation of liabilities arising from financing activities

The table below details change in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows arising from financing activities.

| | **Lease liabilities HK$'000** |
|---|---|
| At 1.1.2020 | 3,747 |
| Changes from financing cash flows: | |
| Principal element of lease rentals payment | (1,624) |
| Interest paid | (120) |
| | (1,744) |
| Other changes: | |
| Interest expense | 120 |
| At 31.12.2020 and 1.1.2021 | 2,123 |
| Changes from financing cash flows: | |
| Principal element of lease rentals payment | (1,993) |
| Interest paid | (74) |
| | (2,067) |
| Other changes: | |
| Increase in lease liabilities from entering into new leases | 744 |
| Interest expense | 74 |
| **At 31.12.2021** | **874** |

## 32. Financial instruments

### (a) Categories of financial instruments

At 31 December 2021

| | Financial assets | | | |
|---|---|---|---|---|
| | Financial assets at amortised cost HK$'000 | Financial assets at fair value through profit or loss HK$'000 | Financial assets at fair value through other comprehensive income HK$'000 | Total HK$'000 |
| Financial assets at fair value through profit or loss | – | 25,676 | – | 25,676 |
| Financial assets at fair value through other comprehensive income | – | – | 3,707 | 3,707 |
| Accounts receivable | 8,783 | – | – | 8,783 |
| Other receivables | 6,168 | – | – | 6,168 |
| Deposits placed with a broker | 156 | – | – | 156 |
| Cash and cash equivalents | 160,571 | – | – | 160,571 |
| | 175,678 | 25,676 | 3,707 | 205,061 |

| | Financial liabilities | | |
|---|---|---|---|
| | Financial liabilities at amortised cost HK$'000 | Financial liabilities at fair value through profit or loss HK$'000 | Total HK$'000 |
| Accruals and other payables | 9,806 | – | 9,806 |
| Financial assets at fair value through profit or loss | – | 2 | 2 |
| Lease liabilities | 874 | – | 874 |
| | 10,680 | 2 | 10,682 |

## 32. Financial instruments (cont'd)

### (a) Categories of financial instruments (cont'd)

At 31 December 2020

| | Financial assets | | | |
|---|---|---|---|---|
| | ***Financial assets at amortised cost HK$'000*** | ***Financial assets at fair value through profit or loss HK$'000*** | ***Financial assets at fair value through other comprehensive income HK$'000*** | ***Total HK$'000*** |
| Financial assets at fair value through profit or loss | – | 19,712 | – | 19,712 |
| Financial assets at fair value through other comprehensive income | – | – | 2,827 | 2,827 |
| Accounts receivable | 36,199 | – | – | 36,199 |
| Other receivables | 13,113 | – | – | 13,113 |
| Deposits placed with a broker | 69 | – | – | 69 |
| Cash and cash equivalents | 188,589 | – | – | 188,589 |
| | 237,970 | 19,712 | 2,827 | 260,509 |

| | Financial liabilities | | |
|---|---|---|---|
| | ***Financial liabilities at amortised cost HK$'000*** | ***Financial liabilities at fair value through profit or loss HK$'000*** | ***Total HK$'000*** |
| Accruals and other payables | 25,315 | – | 25,315 |
| Financial assets at fair value through profit or loss | – | 2 | 2 |
| Lease liabilities | 2,123 | – | 2,123 |
| | 27,438 | 2 | 27,440 |

## 32. Financial instruments (cont'd)

### (b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, accounts receivable, other receivables, deposits placed with a broker, cash and cash equivalents, accruals and other payables, financial liabilities at fair value through profit or loss and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below summaries the Group's financial assets and financial liabilities exposed to currency risk as at 31 December 2021.

| | ***2021*** | *2020* |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| *Financial assets denominated in foreign currencies:* | | |
| Account and other receivables | **21** | 42 |
| Deposits placed with a broker | **20** | 21 |
| Cash and bank balances | **33,157** | 27,506 |
| *Financial liabilities denominated in foreign currencies:* | | |
| Accruals and other payables | **(1,331)** | (2,505) |
| Net financial assets exposed to currency risk | **31,867** | 25,064 |

## 32. Financial instruments (cont'd)

### (b) Financial risk management objectives and policies (cont'd)

*Currency risk (cont'd)*

The Group's financial assets and liabilities exposed to currency risk were denominated in the following currencies:

| | **2021** | 2020 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| United States dollar | **30,071** | 24,055 |
| Hong Kong dollar | **(40)** | 1,251 |
| Chinese Yuan Renminbi | **–** | (64) |
| Australian dollar | **(1)** | – |
| Swiss Franc | **20** | 21 |
| Euro | **2,889** | 491 |
| Pound Sterling | **(1,072)** | (690) |
| | **31,867** | 25,064 |

Since Hong Kong dollar is pegged to United States dollar, material fluctuations in the exchange rates of Hong Kong dollar against United States dollar are remote.

Should Hong Kong dollar as at 31 December 2021 devalue by 10% against other foreign currencies, the Group's carrying amount of net financial assets exposed to currency risk as at 31 December 2021 in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would decrease and the Group's equity at 31 December 2021 would decrease by approximately HK$184,000 (2020: HK$24,000), loss for the year would decrease by approximately HK$184,000 (2020: profit for the year decrease by approximately HK$24,000).

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group did not have any significant interest rate risk.

## 32. Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

*Equity price risk*

The Group is exposed to equity price risk mainly through its investment in listed equity securities, which is classified as financial assets at fair value through profit or loss. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

*Equity price sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. A 10% change represents the management's assessment of a reasonably possible change in equity price.

If equity prices had been 10% higher/lower, with other variables held constant, the Group's post-tax loss for the year ended 31 December 2021 would decrease/increase by less than HK$1,000 (2020: post-tax profit would increase/decrease by less than HK$1,000). This is mainly due to the changes in fair value of held-for-trading financial assets at fair value through profit or loss.

*Credit risk management*

As at 31 December 2021 and 2020, 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 of the Company 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. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate loss allowances are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk has been significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation or high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

## 32. Financial instruments (cont'd)

### (b) Financial risk management objectives and policies (cont'd)

*Credit risk management – accounts receivable*

In respect of accounts receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payment when due and adjusted for forward-looking factors specific to the customers and the economic environment which could affect customers' ability to pay, and take into account information specific to the customer. The Group does not obtain collateral from customers. The Group expects there are insignificant ECLs on accounts receivable following the credit evaluation of the customers and their repayment history, and therefore the ECL rate is zero.

*Credit risk management – other receivables and deposits placed with a broker*

The Group measures the loss allowance equal to 12-month ECL of other receivables. For those balances expected to have significant increase in credit risk since initial recognition, the Group applies lifetime ECL based on aging for classes with different credit risk characteristics and exposures.

The 12-month ECL calculated by the Group is not significant and there has been no significant increase in credit risk since initial recognition. The ECL rate is zero.

*Credit risk management – Cash and cash equivalents*

Cash and cash equivalents are placed at financial institutions that have sound credit ratings assigned by international credit-rating agencies and the Group considers the credit risk to be insignificant.

## 32. Financial instruments (cont'd)

### (b) Financial risk management objectives and policies (cont'd)

*Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the Directors of the Company, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

*Liquidity table*

The following table summarises the maturity profile of the Group's financial liabilities as at 31 December 2021 based on contractual undiscounted cash flows.

| | On demand or within one year HK$'000 | More than 1 year but less than 2 years HK$'000 | Total undiscounted cash flows bonus HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|
| **At 31 December 2021** | | | | |
| Accruals and other payables | **9,806** | **–** | **9,806** | **9,806** |
| Lease liabilities | **824** | **64** | **888** | **874** |
| | **10,630** | **64** | **10,694** | **10,680** |
| **At 31 December 2020** | | | | |
| Accruals and other payables | 25,315 | – | 25,315 | 25,315 |
| Lease liabilities | 1,744 | 436 | 2,180 | 2,123 |
| | 27,059 | 436 | 27,495 | 27,438 |

## 32. Financial instruments (cont'd)

### (c) Fair value measurements of financial instruments

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 – unobservable inputs for the asset or liability.

The following table presents the Group's financial assets and financial liabilities that are measured at fair value:

| | *2021* | | | |
|---|---|---|---|---|
| | *Level 1* *HK$'000* | *Level 2* *HK$'000* | *Level 3* *HK$'000* | *Total* *HK$'000* |
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Unlisted investment fund | **–** | **17,676** | **–** | **17,676** |
| – Unlisted money market fund | **–** | **8,000** | **–** | **8,000** |
| Financial assets at fair value through other comprehensive income | | | | |
| – Unlisted shares | **–** | **–** | **3,707** | **3,707** |
| **Financial liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| – Short position | **2** | **–** | **–** | **2** |
| | **2** | **25,676** | **3,707** | **29,385** |

## 32. Financial instruments (cont'd)

(c) Fair value measurements of financial instruments (cont'd)

| | 2020 | | | |
|---|---|---|---|---|
| | *Level 1 HK$'000* | *Level 2 HK$'000* | *Level 3 HK$'000* | *Total HK$'000* |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Unlisted investment fund | – | 19,712 | – | 19,712 |
| Financial assets at fair value through other comprehensive income | | | | |
| – Unlisted shares | – | – | 2,827 | 2,827 |
| Financial liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| – Short position | 2 | – | – | 2 |
| | 2 | 19,712 | 2,827 | 22,541 |

The following table presents the changes in Level 3 of financial instruments during the year.

| | ***2021 HK$'000*** | *2020 HK$'000* |
|---|---|---|
| **Unlisted shares** | | |
| At beginning of the year | **2,827** | 3,738 |
| Changes in fair value recognised in other comprehensive income | **880** | (911) |
| At end of the year | **3,707** | 2,827 |

## 32. Financial instruments (cont'd)

(c) Fair value measurements of financial instruments (cont'd)

The fair values of investments in unlisted investment fund and money market fund that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, either directly (as prices) or indirectly (derived from prices), the instrument is included in level 2.

The underlying investments held by the unlisted investment fund include active listed equities and exchange traded derivatives, which are classified within Level 1. The fair value of the unlisted investment fund is stated with reference to the net asset value provided by the relevant administrator of the investment fund, which is measured with reference to market values of the underlying investments in listed equity securities and derivatives, adjusted for balances of other financial instruments.

The money market fund is acquired from a major financial institution in Hong Kong whereby the Group is expecting to earn short term gains from the fund. The underlying investments include only liquid assets. The fair value of the investment in money market fund is determined based on the market prices quoted by the fund administrator.

The fair value of unlisted shares classified as financial asset at fair value through other comprehensive income was determined using the price to book ratio (P/B ratio) of comparable listed companies adjusted by lack of marketability discount, which is Level 3 of the fair value hierarchy.

Information about Level 3 fair value measurements is as follows:

| | ***Valuation technique*** | ***Significant unobservable input*** | ***Percentage*** |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income | Market comparable companies | Discount for lack of marketability | 15.8 |

The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2021, it was estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 10% would have increased/decreased the Group's other comprehensive income for the year by approximately HK$69,000 (2020: HK$53,000) respectively.

## 33. Non-controlling interests

The following table lists out the information of True Partner Advisor Hong Kong Limited, the only subsidiary of the Group which has a non-controlling interest. The summarised financial information presented below represents the amounts before any inter-company elimination.

| | ***2021*** | *2020* |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current assets | **29,842** | 27,341 |
| Non-current assets | **152** | 91 |
| Current liabilities | **18,161** | 16,688 |
| Non-current liabilities | **–** | – |
| Net assets | **11,833** | 10,744 |

| | ***2021*** | *2020* |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue | **39,945** | 41,588 |
| Profit for the year | **1,089** | 1,238 |
| Other comprehensive income | **–** | – |
| Total comprehensive income for the year | **1,089** | 1,238 |

## 34. Events after the reporting period

On 11 November 2021, a wholly owned subsidiary of the Company – True Partner Advisor Limited ("**TPA**") entered into an acquisition agreement to acquire 49% of equity interest in True Partner Advisor Hong Kong Limited ("**TPAHK**"). The acquisition was completed on 15 February 2022. Upon completion, TPAHK became a wholly owned subsidiary of TPA.

On the same date, a wholly owned subsidiary of the Company – True Partner Holding Limited ("**TPH**") entered into a disposal agreement to dispose its entire interest in the unlisted company. The disposal was completed on 15 February 2022.

For more information on the acquisition and disposal, please refer to the Company's announcements dated 11 November 2021, 15 November 2021 and 15 February 2022 respectively.

## 35. Statements of financial position of the Company

| | 2021<br>HK$'000 | 2020<br>HK$'000 |
|---|---|---|
| **Non-current asset** | | |
| Investments in subsidiaries | **32,486** | 32,486 |
| **Current assets** | | |
| Other receivables | **43,328** | 1,679 |
| Cash and cash equivalents | **60,833** | 113,357 |
| | **104,161** | 115,036 |
| **Current liabilities** | | |
| Accruals and other payables | **694** | 975 |
| Amount due to a subsidiary | **–** | 15,112 |
| | **694** | 16,087 |
| **Net current assets** | **103,467** | 98,949 |
| **Net assets** | **135,953** | 131,435 |
| **Representing:** | | |
| Share capital | **157,074** | 157,074 |
| Reserves | **(21,121)** | (25,639) |
| **Total equity** | **135,953** | 131,435 |

## 36. Particulars of principal subsidiaries of the Company

Particulars of the Company's principal subsidiaries are as follows:

| *Name of subsidiary* | *Principal place of incorporation and operation* | *Issued and fully paid-up capital/ registered capital* | *Percentage of equity interest attributable to the Company* | | *Principal activities* |
|---|---|---|---|---|---|
| | | | ***2021*** | *2020* | |
| True Partner Holding Limited | Hong Kong | HK$27,643,260 | **100%** | 100% | Investment holding and provision of management services |
| Chengdu HuLi Management Consulting Limited – Note (a) | People's Republic of China | RMB3,500,000 | **100%** | 100% | Providing business consultancy services |
| T8 Software Consulting Limited | Hong Kong | HK$1 | **100%** | 100% | Software sublicence and providing consultancy services |
| True Partner Advisor Limited | The Cayman Islands | US$1 | **100%** | 100% | Acting as an investment manager |
| True Partner Advisor Hong Kong Limited – Note (b) | Hong Kong | HK$500,000 | **51%** | 51% | Providing investment management services |
| True Partner Capital USA Holding, Inc. | United States | US$10 | **100%** | 100% | Providing investment management services and investment holding |
| True Partner Capital USA, LLC | United States | US$692,000 | **100%** | 100% | Providing investment management services |
| True Partner China Holding Limited | Hong Kong | HK$3,150,000 | **100%** | 100% | Investment holding and provision of software development and supporting services |
| True Partner Consulting Limited | Hong Kong | HK$100 | **100%** | 100% | Provision of training courses and seminars services |
| True Partner Research Hong Kong Limited | Hong Kong | HK$100 | **100%** | 100% | Providing consultancy services |

## 36. Particulars of principal subsidiaries of the Company (cont'd)

Notes:

(a) A wholly foreign-owned enterprise in the People's Republic of China

(b) On 11 November 2021, a wholly owned subsidiary of the Company – True Partner Advisor Limited ("**TPA**") entered into an acquisition agreement, pursuant to which Capital Futures Corp. ("**CFC**") agreed to sell, and TPA agreed to purchase 49% of equity interest in True Partner Advisor Hong Kong Limited ("**TPAHK**"). The acquisition was completed on 15 February 2022. Upon completion, TPAHK became a wholly owned subsidiary of TPA. 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.

# Financial summary

A summary of the combined statement of comprehensive and of the asset and liabilities of the Group for the last four financial years, as extracted from the published audited financial statement, is set out below:

**Result**

| | Year ended 31 December | | | |
|---|---|---|---|---|
| | **2021** | 2020 | 2019 | 2018 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 |
| Revenue | **58,917** | 132,013 | 44,478 | 158,171 |
| Gross profit | **52,384** | 119,777 | 37,584 | 146,424 |
| Operating (loss)/profit | **(22,103)** | 36,838 | (19,338) | 97,557 |
| (Loss)/profit before income tax for the year | **(24,455)** | 38,124 | (20,695) | 97,829 |
| Income tax expense | **(1,032)** | (11,368) | (382) | (12,803) |
| (Loss)/profit for the year | **(25,487)** | 26,756 | (21,077) | 85,026 |
| **Non-HKFRS measures** | | | | |
| Adjusted net (loss)/profit attributable to owners of the Company – Note | **(26,020)** | 39,243 | (14,261) | 84,030 |

**Asset and Liabilities**

| | As at 31 December | | | |
|---|---|---|---|---|
| | **2021** | 2020 | 2019 | 2018 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 |
| Non-current assets | **29,533** | 29,365 | 27,629 | 13,278 |
| Current assets | **187,206** | 239,556 | 83,926 | 127,359 |
| Current liabilities | **(11,259)** | (31,785) | (23,711) | (32,780) |
| Net current assets | **175,947** | 207,771 | 60,215 | 94,579 |
| Non-current liabilities | **(64)** | (433) | (2,123) | – |
| Net assets | **205,416** | 236,703 | 85,721 | 107,857 |

Note:

Adjusted net (loss)/profit attributable to owners of the Company is unaudited and represents (loss)/profit for the year attributable to owners of the Company adding back listing expenses.

True Partner
Capital Holding