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TRUE PARTNER CAPITAL HOLDING LIMITED

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

(Stock Code: 8657)

ANNOUNCEMENT ON INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

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

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

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

Corporate Overview

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

RESULTS

The board of Directors (the "**Board**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together as the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**") together with the unaudited comparative figures of the corresponding period in 2022 as set out below:

Selected financial highlights

	1H2023 *(HK$'000)*	1H2022 *(HK$'000)*	% Change
Total Revenue	**8,690**	24,996	(65)
Management fee income	**8,372**	24,564	(66)
Consultancy service fee	**318**	432	(26)
Gross profit	**7,676**	22,841	(66)
Operating loss *Note 1*	**(29,297)**	(13,090)	124
Loss for the period	**(29,704)**	(14,060)	111
Loss attributable to owners of the Company	**(29,704)**	(14,188)	109
Total comprehensive loss	**(29,523)**	(11,953)	147
Loss per share (HK cents)			
– Basic and diluted *Note 2*	**(7.43)**	(3.55)	109

Notes:

1. Operating loss represents loss before income tax adding back fair value gain/(loss) on financial assets at fair value through profit or loss, finance costs and share of results of associates.

2. The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the Company of HK$29,704,000 (2022: HK$14,188,000), and the weighted average number of ordinary shares of 400,000,000 shares in issue during the period. Diluted loss per share for the period ended 30 June 2023 and 2022 is the same as the basic loss per share as the effect of the conversion of the Company's share options would result in an antidilutive effect on the loss per share.

Selected Business and Financial highlights

– The first half of 2023 (the "**Reporting Period**") saw a rally in global equity markets, continuing the gains seen in Q4 2022, despite signs that further tightening would be needed from central banks. Measures of equity index volatility generally saw strong declines over the first half of 2023.

– The MSCI World Total Return Hedged to US Dollars ("**MSCI World**") finished the first half up +15.7%, building on a +7.7% rise in Q4 2022. The MSCI World saw similar gains in Q1 2023 (+7.7%) and in Q2 2023 (+7.4%). The Bloomberg Global Government Bond Index Hedged to US Dollars ("**Global Bond Index**") was up +3.2% in the first half after being flat in Q4 2022 (and down -10.0% for 2022 as a whole). The Global Bond Index was close to flat in Q2 2023 (+0.2%) after being up +3.0% in Q1 2023.

– Popular measures of at-the-money implied volatility declined over the first half and fell in both the first and second quarters of 2023. The VIX index fell from 21.7 to 13.4 over the first half of the year. A similar measure for the Euro Stoxx 50 fell from 20.9 to 13.6, while the equivalent measures in the Japanese Nikkei fell from 19.9 to 19.1 and in the Korean Kospi 200 index from 18.4 to 12.6 respectively. These measures provide a snapshot of implied volatility at different points in time but are not directly tradable.[1] Of these various indices, the VIX has the most liquid derivatives market, via VIX futures and options. The ProShares VIX Short-Term Futures ETF ("**VIX ETF**"), which systematically buys and rolls short-term VIX futures, can be seen as a proxy for a long position in short-term VIX futures. The VIX ETF was down -56.1% in the first half of 2023 (after it had already declined by -33.5% in Q4 2022).[2]

– The first half of 2023 was also a difficult period for strategies that seek to be long protection on equity indices. To illustrate this, one can compare the returns of the CBOE S&P 500 5% Put Protection Index (the "**Put Protection Index**") with the returns of the S&P 500 Total Return Index ("**S&P 500 TR**"). US equities are by some way the largest component of the MSCI World index. The Put Protection Index is a simulated strategy that holds a long position in the S&P 500 and also systematically buys 5% out of the money put options on the S&P 500 according to a set schedule. The relative returns of the Put Protection Index and the S&P 500 TR thus can serve as an illustration of the relative costs and benefits of holding downside protection on US equities.

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

2 Sources: Bloomberg, True Partner

– During the first half of 2023, the Put Protection Index was up +12.4%, while the S&P 500 TR was up +16.9%, i.e. the Put Protection Index underperformed the S&P 500 TR by -4.5%, which can be attributed to the cost of holding protection. While the Put Protection index would naturally be expected to underperform in a rising equity market, the differential followed an underperformance of -1.7% in 2022, where the Put Protection index had a larger loss than the S&P 500 TR (-19.8% vs. -18.1%), despite holding protection in a market where the S&P 500 TR fell -18.1%. Our strategies are absolute return and alpha focused and as such different to the Put Protection Index, but this does illustrate the difficult environment for protective strategies in the first half of 2023 and in 2022.

– This backdrop would generally be expected to create a relatively challenging first half for our index volatility trading. The Group's trading strategies are predominantly relative value in nature, but historically have seen their best performance in periods of falling equity markets and rising volatility. However, our relative value volatility strategy was able to preserve capital and to deliver just a small negative return of -0.25% during the first half of 2023, with gains in February, March and May mostly offsetting losses in January, April and June.[3] Our relative value volatility strategy also exhibited a negative correlation and beta to equity markets over the period. In addition, internal estimates of performance showed higher gains mid-March during the brief period of declines in equity markets amid the worries about some banks.

– 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 focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 through 30 June 2023, the True Partner Fund, the Group's longest running fund product, has delivered a higher return and alpha than the Eurekahedge Asset Weighted Hedge Fund Index, a broad index of hedge fund performance, despite that broad index having a positive beta to equities (which was beneficial to its performance over the period) and the True Partner Fund having a negative beta to equities. The True Partner Fund has also delivered a higher alpha, an important measure of risk-adjusted return, than each of the CBOE Eurekahedge Relative Value Volatility, CBOE Eurekahedge Long Volatility and CBOE Eurekahedge Short Volatility indices.[4]

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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.

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.

– The Group’s assets under management were lower relative to the comparable period in 2022 and 31 March 2023. Assets under management were US$1,164 million as of 30 June 2023 as compared to US$1,717 million as of 30 June 2022, $1,516 million as of 31 December 2022 and US$1,366 million as of 31 March 2023. The decrease in assets under management over the first half of 2023 was primarily driven by the investment portfolio adjustments of some investors, with a small minority driven by negative investment performance for our strategies. Based on our discussions with the relevant investors, we understand that the majority of the change in assets under management over the Reporting Period occurred for idiosyncratic, client-specific reasons and did not reflect a change in conviction in our investment approach.

– Revenues for the six months ended 30 June 2023 were HK$8.7 million. This compares to revenues of HK$25 million for the six months ended 30 June 2022. The decrease in revenue was primarily due to the decrease in assets under management and shifts in product mix over the period. These factors had the result of lowering the average assets under management and the average management fee charged on the Group’s assets under management for the six months ended 30 June 2023 as compared to the six months ended 30 June 2022.

– As discussed above, the market environment for the Group’s investment approach was also challenging. This helped result in lower performance fee income than the Group’s long-term objectives. The combination of all these factors led to a decrease in the average level of assets under management, the average revenue per unit of assets under management and overall revenues for the six months ended 30 June 2023 as compared to the six months ended 30 June 2022.

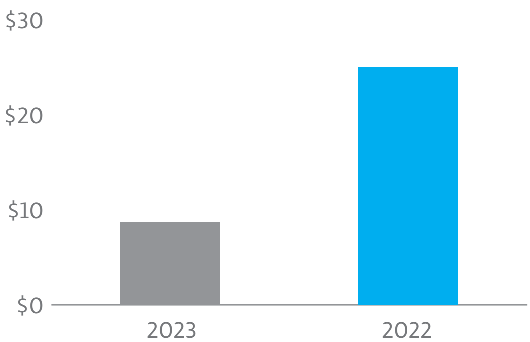
– General and administrative expenses were HK$37.7 million in the first half of 2023, as compared to HK$35.9 million in the first half of 2022. The expenses were approximately at the same level as the six months ended 30 June 2022. The increase in expenses was primarily due to an increase in staff cost since the overall number of personnel was higher in the first half of 2023 as compared to the first half of 2022. Other drivers of increased expense included data expenses and administrative expenses as the Group has been working on the expansion of its operations in Europe and Asia in line with the use of proceeds outlined in the prospectus of the Company dated 30 September 2020 (the “**Prospectus**”).

– The Group’s loss before income tax was a loss of HK$29.5 million in the first half of 2023, as compared to a loss of HK$13.9 million in the comparable period in 2022. Loss attributable to owners of the Company was HK$29.7 million in the first half of 2023 (after tax), as compared to a loss of HK$14.2 million in the comparable period of 2022.

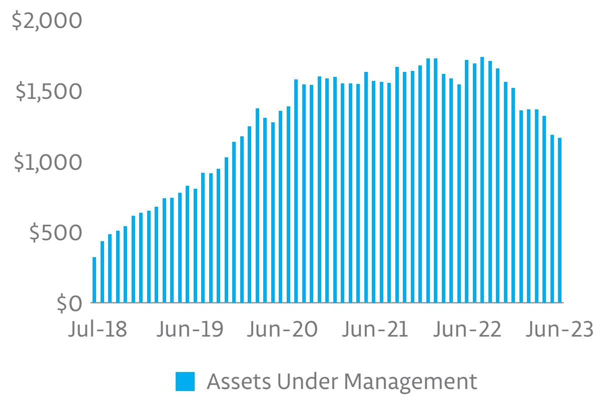
Selected Highlights

(in HK$ millions as of 30 June 2023 unless stated, where noted comparison is to 30 June 2022)

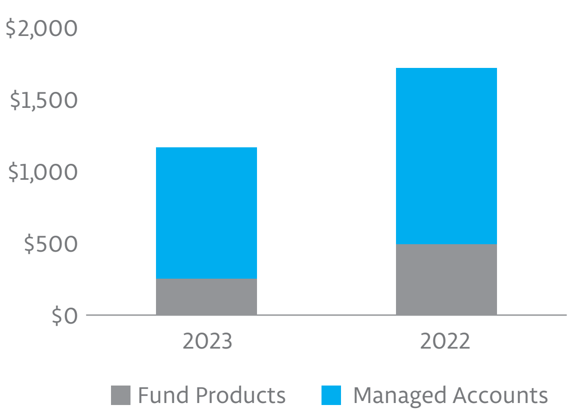
Revenues



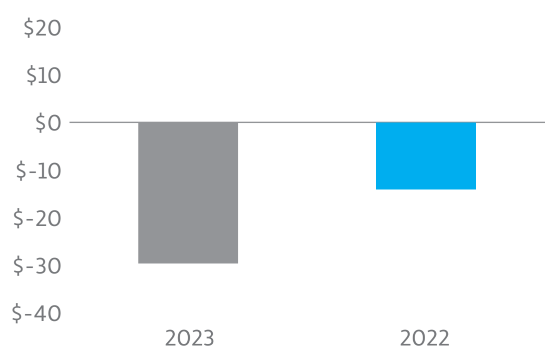
Assets under management ("AUM") (US$ millions)[5]



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



Loss attributable to owners of the company



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[5] The Group manages or advises on both fund products and other investment mandates. For the purposes of this announcement, fund products launched by the Group or co-branded with the Group where a subsidiary of the Group is the investment manager or sub-investment manager are grouped under "fund vehicles"; other mandates are grouped under "managed accounts". The Group's managed accounts may deploy the Group's relative value trading strategy and/or other trading strategies. As of 30 June 2023, the Group's relative value trading strategy is deployed across both fund products and managed accounts.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Our firm assets under management are US$1,164 million as of 30 June 2023 and we currently manage or advise on both fund products and managed accounts. Our longest running fund product was launched in July 2011 and was later restructured into a master-feeder structure to facilitate investments from US taxable investors. In 2016 we launched a further fund, which is similarly structured, but with a trading strategy which has a long volatility bias. Together with International Asset Management ("**IAM**"), we made our strategy available in UCITS format in June 2019, with the launch of a cobranded 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 specialising 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 investment management mandates with third parties who allocate a sub-fund of their umbrella fund or a portion of their assets to be managed by us. While such arrangements may have different underlying structures in accordance with client preferences, for simplicity we group assets under management relating to these mandates under "managed accounts" above and below.

As of 30 June 2023, our assets under management comprised of US$253 million in comingled fund products (including funds where the Group is a sub-investment manager) and US$911 million in managed accounts or similar arrangements, including fund-of-one structures. The investors in funds and accounts managed or advised by us are mainly professional investors, which may include collective investment undertakings, family offices, pension funds, endowments/foundations, financial institutions and high net worth individuals.

Market Environment

The first half of 2023 saw a rally in global equity markets, continuing the gains seen in Q4 2022, despite signs that further tightening would be needed from central banks. Measures of equity index volatility generally saw strong declines over the first half of 2023.

The MSCI World Total Return Hedged to US Dollars finished the first half up +15.7%, building on a +7.7% rise in Q4 2022. The MSCI World saw similar gains in Q1 2023 (+7.7%) and in Q2 2023 (+7.4%). The Bloomberg Global Government Bond Index Hedged to US Dollars was up +3.2% in the first half after being flat in Q4 2022 (and down -10.0l% for 2022 as a whole). The Global Bond Index was close to flat in Q2 2023 (+0.2%) after being up +3.0% in Q1 2023.

Popular measures of at-the-money implied volatility declined over the first half and fell in both the first and second quarters of 2023. The VIX index fell from 21.7 to 13.4 over the first half of the year. A similar measure for the Euro Stoxx 50 fell from 20.9 to 13.6, while the equivalent measures in the Japanese Nikkei fell from 19.9 to 19.1 and in the Korean Kospi 200 index from 18.4 to 12.6 respectively. These measures provide a snapshot of implied volatility at different points in time but are not directly tradable.[6] Of these various indices, the VIX has the most liquid derivatives market, via VIX futures and options. The ProShares VIX Short-Term Futures ETF, which systematically buys and rolls short-term VIX futures, can be seen as a proxy for a long position in short-term VIX futures. The VIX ETF was down -56.1% in the first half of 2023 (after it had already declined by -33.5% in Q4 2022).[7]

The first half of 2023 was also a difficult period for strategies that seek to be long protection on equity indices. To illustrate this, one can compare the returns of the CBOE S&P 500 5% Put Protection Index with the returns of the S&P 500 Total Return Index. US equities are by some way the largest component of the MSCI World index. The Put Protection Index is a simulated strategy that holds a long position in the S&P 500 and also systematically buys 5% out of the money put options on the S&P 500 according to a set schedule. The relative returns of the Put Protection Index and the S&P 500 TR thus can serve as an illustration of the relative costs and benefits of holding downside protection on US equities.

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

7 Sources: Bloomberg, True Partner

During the first half of 2023, the Put Protection Index was up +12.4%, while the S&P 500 TR was up +16.9%, i.e. the Put Protection Index underperformed the S&P 500 TR by -4.5%, which can be attributed to the cost of holding protection. While the Put Protection index would naturally be expected to underperform in a rising equity market, the differential followed an underperformance of -1.7% in 2022, where the Put Protection index had a larger loss than the S&P 500 TR (-19.8% vs. -18.1%), despite holding protection in a market where the S&P 500 TR fell -18.1%. Our strategies are absolute return and alpha focused and as such different to the Put Protection Index, but this does illustrate the difficult environment for protective strategies in the first half of 2023 and in 2022.

Investment Performance

This backdrop would generally be expected to create a relatively challenging first half for our index volatility trading. The Group's trading strategies are predominantly relative value in nature, but historically have seen their best performance in periods of falling equity markets and rising volatility. However, our relative value volatility strategy was able to preserve capital and to deliver an approximately flat return during the first half of 2023, finishing down -0.25%.[8] Our relative value volatility strategy also showed a negative correlation and a negative beta to equity markets over the first half. Our higher frequency internal estimates of performance also showed higher gains mid-March during the brief period of declines in equity markets amid the worries about some banks.

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 focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 through 30 June 2023, the True Partner Fund, the Group's longest running fund product, has delivered a higher return and alpha than the Eurekahedge Asset Weighted Hedge Fund Index, a broad index of hedge fund performance, despite that broad index having a positive beta to equities (which was beneficial to its performance over the period) and the True Partner Fund having a negative beta to equities. The True Partner Fund has also delivered a higher alpha, an important measure of risk-adjusted return, than each of the CBOE Eurekahedge Relative Value Volatility, CBOE Eurekahedge Long Volatility and CBOE Eurekahedge Short Volatility indices.[9]

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[8] 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.

[9] 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.

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 the six months ended 30 June 2023 were HK$8.7 million. This compares to revenues of HK$25 million for the six months ended 30 June 2022. The decrease in revenue was primarily due to shifts in product mix over the period and a decrease in assets under management. This had the result of lowering the average level of assets under management and the average management fee charged on the Group's assets under management for the six months ended 30 June 2023 as compared to the six months ended 30 June 2022.

Revenue per unit of assets under management can vary as a result of a number of factors. Individual fund products and managed accounts can have different fee structures due to differences in the nature and sizes of the mandates and other factors. Comparing the six months ended 30 June 2023 to the six months ended 30 June 2022, assets under management declined overall as detailed in our regular monthly filings and there were changes in underlying product mix. The changes in assets under management primarily reflected factors including idiosyncratic changes with some underlying clients, as well as the effects of a challenging trading environment in general. Overall, the effects of the changes in assets under management and product mix also included that the expected relative contribution of management fees and performance fees to revenues per unit of assets under management became more focused on performance fees and less focused on management fees.

As discussed above, the market environment for the Group's investment approach was also challenging. This helped result in lower performance fee income than the Group's long-term objectives. The combination of all these factors led to a decrease in the average level of assets under management and the average revenue per unit of assets under management for the six months ended 30 June 2023 as compared to the six months ended 30 June 2022. In combination, these factors also led to a decrease in overall revenues for the six months ended 30 June 2023 as compared to the six months ended 30 June 2022.

General and administrative expenses were HK$37.7 million in the first half of 2023, as compared to HK$35.9 million in the first half of 2022. The increase in expenses was primarily due to an increase in staff cost since the overall number of personnel was higher in the first half of 2023 as compared to the first half of 2022. Other drivers of increased expense included data expenses and administrative expenses as the Group has been working on the expansion of its operations in Europe and Asia in line with the use of proceeds outlined in the Prospectus.

The Group's loss before income tax was a loss of HK$29.5 million in the first half of 2023, as compared to a loss of HK$13.9 million in the comparable period in 2022. Loss attributable to owners of the company was HK$29.7 million in the first half of 2023 (after tax), as compared to a loss of HK$14.2 million in the comparable period of 2022. The Group's comprehensive income attributable to owners of the company was a loss of HK$29.5 million in the first half of 2023 vs. a loss of HK$12.1 million in the comparable period of 2022.

Assets Under Management

The Group reports its assets under management in US dollars.[10] US dollars are the base currency of most of the Group's fund vehicles and managed accounts. The Group had $1,164 million in assets under management as of 30 June 2023. This compares to $1,717 million in assets under management as of 30 June 2022, representing a decrease of $553 million or 32%. Assets under management also decreased by a smaller amount relative to 31 March 2023 from $1,366 million to $1,164 million as of 30 June 2023. The decrease relative to the comparable period of 2022 and the first quarter of 2023 was driven by the less favourable market conditions for our volatility trading strategy and the investment portfolio adjustments of some fund investors. Based on our discussions with clients, we believe that the large majority of the adjustment in assets under management since our last quarterly report and over the Reporting Period as a whole was driven by idiosyncratic client-specific factors and does not reflect changes in clients' conviction in our investment approach.

As of 30 June 2023, the Group had $253 million in assets under management in fund vehicles and $911 million in managed accounts. This compares to $492 million in assets under management in fund vehicles and $1,225 million in managed accounts as of 30 June 2022.

Business Development Activities

Over the last three and a half years, the Group has successfully adapted to the challenging conditions created by Covid-19, and the post-Covid-19 environment. This has included expanding its provision of digital content and making use of technology to engage with investors globally. This enabled us to remain active in communication in an environment where there were restrictions on in person interactions and travel and has also provided a beneficial platform to facilitate wider and deeper interactions as travel restrictions have eased and now been removed. During the first half of 2023 senior personnel within the Group continued to be active in meeting investors and prospects in person and in international travel to meet investors where commercially beneficial and in keeping with environmental and social governance responsibilities, alongside the Group's engagement with investors and prospects via digital content.

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[10] 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

During the first half of 2023, the team has been actively engaged with investors and prospects through webinars and on a one-on-one basis. This included holding webinars for the True Partner Fund and various one-on-one meetings. These provided an opportunity to discuss the Fund's performance in 2022, our 2023 outlook and 2023 year-to-date performance. Working in conjunction with IAM, with whom the Group has a partnership for the UCITS fund product for which we are sub-investment manager, we also held webinars for UCITS investors. The Group also continued to engage with investors and prospects via newsletters and articles. Additionally, the Group has worked on further enhancing its customer relationship management infrastructure and analytics. We have also been actively engaged with our capital introduction partners over the period.

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 the first half of 2023, we have focused on further improving the stability, redundancy, and security of both our infrastructure and our proprietary technology.

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.

Recent equity market performance has been impressive. Adding on to a strong rally in the fourth quarter of 2022, markets had a buoyant start to 2023 with the Nasdaq even posting its best January since 2001. During the six months ended 30 June 2023 the MSCI World rose +15.7%, the S&P 500 Total Return rose +16.9%, the Nasdaq Total Return rose +39.4% (not far off its +46.8% gain in the tech-fuelled rally in the six months following March 2020), the Euro Stoxx 50 Total Return rose +18.4%, the Nikkei 225 Total Return rose +28.4% (its best six-month period since 2013) and the Kospi 200 Total Return rose +16.5%. Hong Kong's markets were an exception, with the Hang Seng Total Return and the HSCEI Total Return both registering small losses of -2.8% and -3.1% respectively.

At the same time, measures of implied volatility have cratered. As noted above, the VIX index fell from 21.7 to 13.4 over the first half of the year. A similar measure for the Euro Stoxx 50 fell from 20.9 to 13.6, while the equivalent measures in the Japanese Nikkei fell from 19.9 to 19.1 and in the Korean Kospi 200 index from 18.4 to 12.6 respectively. These measures provide a snapshot of implied volatility at different points in time but are not directly tradable.[11] Of these various indices, the VIX has the most liquid derivatives market, via VIX futures and options. The ProShares VIX Short-Term Futures ETF ("**VIX ETF**"), which systematically buys and rolls short-term VIX futures, can be seen as a proxy for a long position in short-term VIX futures. The VIX ETF was down -56.1% in the first half of 2023 (after it had already declined by -33.5% in Q4 2022).[12] For reference, that is a larger fall than it experienced in the six months following the drop in markets in Q1 2020 (it fell -46.2% over that six-month period from 31 March 2020 to 30 September 2020). Longer-term VIX futures also experienced large declines. For example, an ETF that seeks to provide long exposure to medium-term VIX futures fell -32.6% over the six months to 30 June 2023, its worst six-month period since 2017.[13]

From the perspective of these numbers, markets may appear robust and geared for continued gains. However, we see headwinds ahead. The past months have been even more remarkable given all the threats on various fronts that markets have appeared to defy. While at this moment we do not see an imminent catalyst for a market crash, we do see a range of factors that we believe are headwinds for equity markets in general, including specifically for US equity markets. These factors range from lingering, longer term developments to detractors that are increasingly current and out in the open. At the same time, after considerable declines during the first half of the year, our analysis indicates that measures of implied volatility are remarkably low across several equity indices when compared to their historical patterns.

Starting with inflation, price pressures remain persistent and inflation continues to surprise to the upside. In the US, the Federal Reserve's Summary of Economic Projections, published on a quarterly basis, shows that on average the participants of the FOMC[14] meeting revised their expectations for 2023 Core PCE inflation higher in both the first quarter and in the second quarter of 2023.[15] In Europe, the ECB's economic forecasts also showed upward revisions to its projections for core inflation in 2023, and a smaller increase in expected core inflation during 2024, while expectations for 2025 moved marginally lower. Importantly, the ECB's expectations for headline (HICP) inflation remain above target across its entire forecast horizon (out to 2025), suggesting that monetary policy needs to tighten further.[16]

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

12 Market data from Bloomberg.

13 Market data from Bloomberg; ETF referred to is the ProShares VIX Mid-Term Futures ETF

14 Federal Open Markets Committee

15 Based on the data in the Summary of Economic Projections published by the Federal Reserve, comparing data from meetings in March and June 2023 to the meeting in December 2022

16 Based on the data in the Eurosystem staff macroeconomic projections published by the ECB in December 2022, March 2023 and June 2023

We believe that the persistence of inflation is likely to lead to lagged pressures on wages, particularly in areas such as Europe, as also noted for example by ECB President Christine Lagarde in a speech in late June:

> *"…the second phase of the inflation process is now starting to become stronger. Workers have so far lost out from the inflation shock, seeing large real wage declines, which is triggering a sustained wage "catch-up" process as they try to recover their losses. This is pushing up other measures of underlying inflation that capture more domestic price pressures – particularly measures of wage-sensitive inflation and domestic inflation. And since wage bargaining in many European countries is multi-annual and inertial, this process will naturally play out over several years."*[17]

At the end of July, in a surprise move the Bank of Japan ("**BoJ**") announced a modification its framework for Yield Curve Control, introducing "greater flexibility". While continuing to target a yield of "around zero percent" for 10-year government bonds, by changing its tolerance for fluctuations and its approach to asset purchases this effectively raises the target yield for 10-year government bonds to closer to 1.0% in what could be an important step towards normalization of its monetary policy. As per Governor Ueda, the BoJ had underestimated inflation risks and believed that it was necessary to act pre-emptively to avoid bigger monetary tightening steps later[18]. We believe that the process of loosening the Yield Curve Control by itself could result in added volatility in Japan's markets. Importantly, the move also signifies the last hold outs among central banks in terms of ultra loose monetary policy are embarking on monetary tightening. Given the size of the stimulus applied by the BoJ and its vast balance sheet as a result thereof, tightening by the BoJ has the potential to cast a significant shadow forward over bond markets globally.

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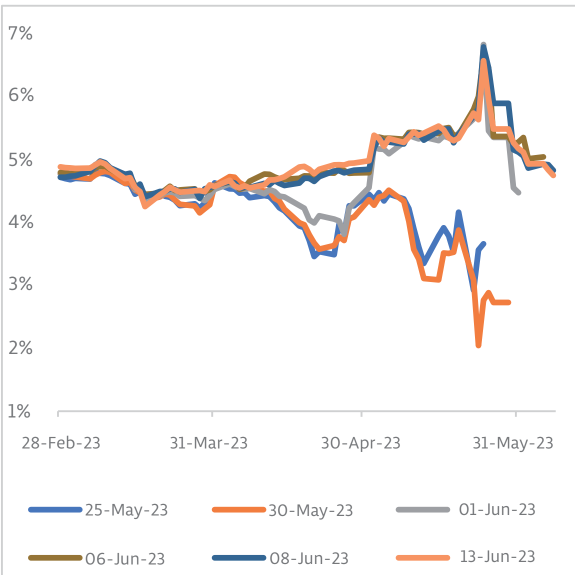
[17] "Breaking the Persistence of Inflation"; speech by Christine Lagarde, President of the ECB, at the ECB Forum on Central Banking 2023, 27 June 2023, https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230627~b8694e47c8.en.html

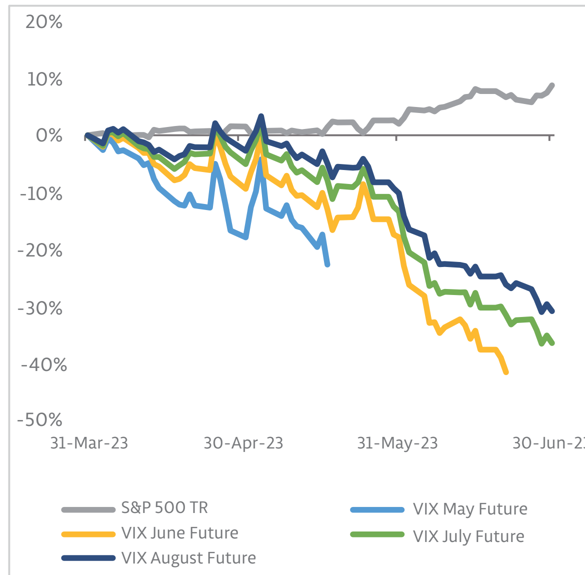
[18] Sources: True Partner, Bloomberg, Bank of Japan. Quotes are from the "Statement on Monetary Policy", Bank of Japan, 28 July 2023

In July, we have also seen an escalation in the conflict that followed Russia's invasion of Ukraine. Targeted attacks on Ukraine's grain stores and infrastructure are likely to further worsen the already tragic humanitarian impacts of the war. In addition, with Ukraine a major exporter of food, they may further worsen inflationary pressures, particularly in Europe.

US T-Bills suggested significant debt ceiling worries during the second quarter of 2023[19]



…but VIX futures declined steadily in May and over the second quarter as a whole



In the US, the debt ceiling was resolved at the last minute during the second quarter of 2023. The apparent willingness of politicians to take things to the brink does not bode well for comprises should more difficult decisions be ahead. That is likely to be particularly the case given the presidential election looming in November 2024, with campaigning already having started ahead of the first primaries in early 2024. As we discussed during our last quarterly update, the debt ceiling saw remarkable moves in US Treasury Bills, which were further exacerbated during the second quarter of 2023. Oddly, equity markets broadly ignored these worries, as shown below. We would be cautious of relying on such behaviour in future.

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19 Dates in the legend refer to the maturities of specific US Treasury Bill securities. Source: Bloomberg

Alongside the debt ceiling, it is easy to forget the mini-banking crisis in March. During this period, Credit Suisse defaulted on its AT1 bonds and was hastily acquired by UBS, while the US saw major issues at several banks, most notably the collapse of Silicon Valley Bank, which had a market capitalisation of almost $20 billion as recently as mid-February 2023. Data suggests that the banking worries are not necessarily all in the past, with analysis by Bloomberg noting that several banks have significant unrealized losses on hold to maturity securities.[20] The Kansas City Fed, in an article published in its Economic Review for the second quarter of 2023, noted that:

> *"By the end of 2022, unrealized losses on all securities were about 30 percent of aggregate Tier 1 bank capital. Unrealized losses on AFS securities, which affect book equity for all banks and regulatory capital for large banks, accounted for about 10 percent of Tier 1 capital in aggregate. These unrealized losses far exceed losses in recent past periods of rising rates (for example, during the policy tightening cycle from 2017 to 2019), increasing the chance that banks will have to curtail lending due to higher funding costs or binding capital constraints."*[21]

As we noted in our outlook for the first quarter of 2023, in a post-Covid world, demand for office space appears to be permanently impaired. While estimates vary, a monthly Stanford survey suggests that in January 2023 just over a quarter of paid days of work were worked from home, compared to around 5% pre-pandemic, with over 10% of workers fully working from home.[22] Some measures suggest even bigger drops in office working.[23] The New York Times has noted that there was 1 billion square feet of untenanted office space in the US at the end of 2022. That is about the same as 2.5x all the office space in New York.[24] At the same time, reports suggest that more than half of the USD2.9 trillion in commercial mortgages will need to be renegotiated by the end of 2025 and local and regional banks are on the hook for nearly 70% of these loans according to research by Bank of America and Goldman Sachs.[25] We have already seen some impacts from this on real estate focused companies.

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20 "US Banks Have $620 Billion of Unrealized Losses on Their Books"; Bloomberg, 31 March 2023 https://www.bloomberg.com/graphics/2023-svb-exposed-risks-banks/

21 Marsh, W. Blake and Laliberte, Brendan, "The Implications of Unrealized Losses for Banks", published 11 April 2023 https://www.kansascityfed.org/Economic%20Review/documents/9473/EconomicReviewV108N2MarshLaliberte.pdf

22 Source: Survey of Working Arrangements and Attitudes (SWAA), https://wfhresearch.com/wp-content/uploads/2023/02/WFHResearch_updates_February2023.pdf. This survey is based on the original paper: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731. www.wfhresearch.com

23 'Do we know how many people are working from home'; New York Times, 30 March 2023 https://www.nytimes.com/2023/03/30/business/economy/remote-work-measure-surveys.html

24 Based on statistics from the New York Times: https://www.nytimes.com/2023/04/25/nyregion/office-landlords-nyc.html; and https://www.nytimes.com/2022/12/27/business/what-would-it-take-to-turn-more-offices-into-housing.html

25 Concerns Grow as Tighter Lending Threatens Commercial Real Estate; New York Times, 6 April 2023

The overall geopolitical picture remains challenging as well. An increasing secondary effect from the conflict between Russia and Ukraine is the continued wedge it is fostering between countries and regions, increasingly pitting the Western developed nations against Russia and its allies. The process of de-globalization which was already taking place prior to the conflict has been amped up in speed and magnitude. Sanctions are one obvious element of this, but there are also more subtle signs of policy shifts that will have long-term effects. As discussed in our last quarterly report, we believe that this is likely to create long-term inflationary headwinds. This risk is also a discussion topic in policy circles, as evidenced by ECB President Christine Lagarde's April speech, where she noted that ECB analysis suggests that geopolitically driven fragmentation of global value chains could lead to up to a 5% rise in consumer prices in the short-run and roughly 1% in the long-run.[26]

While we do not see a specific imminent trigger, we believe that the pace of the equity market rally and low volatility levels suggest a sharp change could occur quite suddenly. That disconnect provides a volatility environment which in our view is more interesting now than it has been for the past years. It also offers an ideal opportunity for all investors who might not be fully sold on the positivity, to hedge downside exposure, while retaining market upside.

Artificial intelligence is an exciting technology, but when we see mega-cap stocks such as NVIDIA, with an over $1 trillion market capitalisation, trading at an over 200x P/E ratio and sell-side analysts having very high estimates of long-term earnings growth (over 40% at the end of the second quarter, per Bloomberg data, double levels entering 2023), we believe investors should tread with caution, regardless of how brilliant a company may be.[27]

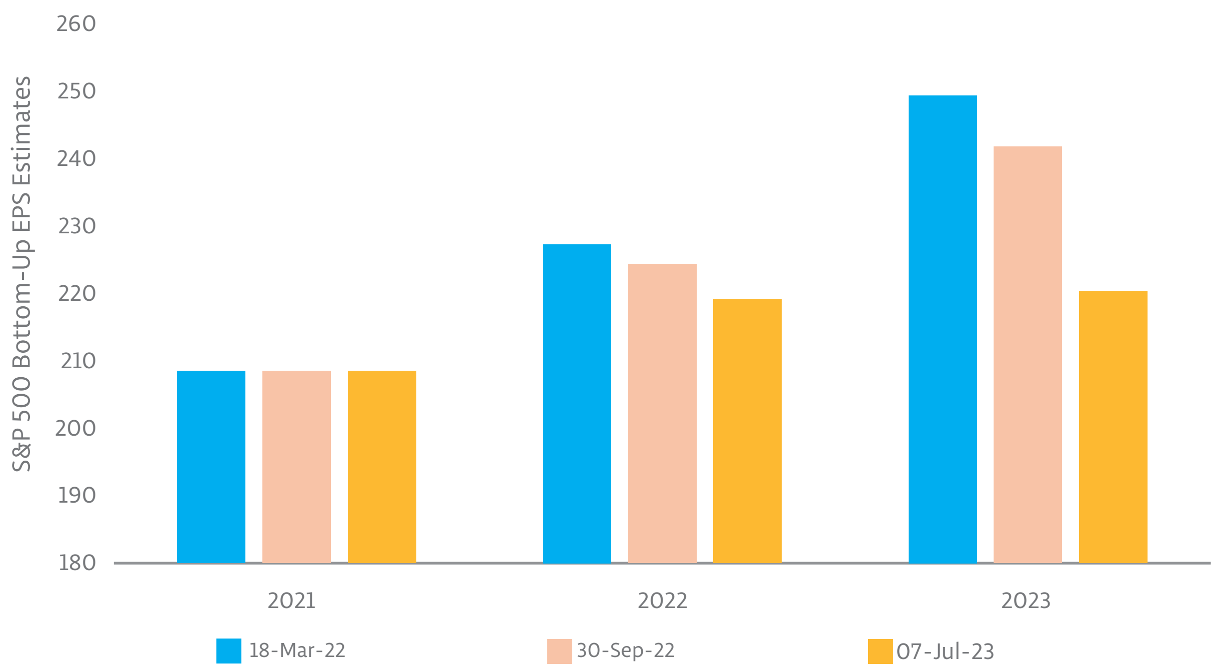
After a +39.4% rally in the first half of 2023, the Price/Earnings ratio of the Nasdaq 100 sat at 34x at the end of the first half of 2023 and rose further higher in July to 35x. While that is still quite shy of the levels seen during the dot-com bubble, it is perhaps worth asking whether the increase from a 27x P/E ratio at the end of 2019 is justified, when over the same period US 10-year government bond yields have doubled from around 1.9% to around 3.8%. Just dropping the Nasdaq 100's P/E back to that end-2019 level would imply a substantial fall in the market from current levels.

[26] 'Central banks in a fragmenting world'; Speech by Christine Lagarde, President of the ECB, at the Council on Foreign Relations' C. Peter McColough Series on International Economics, New York, 17 April 2023 https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230417~9f8d34fbd6.en.html

[27] Source: Bloomberg, based on BEST estimates

Looking at the broader S&P Composite index, the Shiller cyclically adjusted total return P/E ratio, a widely respected measure of valuation, was at 33x at the end of June 2023, vs a 50-year average of 24x and a longer-run average of 21x (since 1881).[28] That puts valuations in the top decile of most expensive periods over the full data set, and in the top quintile of most expensive periods over the last 50 years, or a bit more expensive than stocks were coming into 2008. In this context, it is worth noting that earnings estimates for 2023 have not supported the recent rise, with bottom-up estimates having actually declined since the start of the rally at the end of 3Q 2022 as shown below.

S&P 500 earnings estimates for 2023 have notably fallen since the low in the S&P 500 at the end of Q3 2022, while the S&P 500 is up almost 25% over the same period [29]



But in an apparent disconnect, the backdrop discussed above is for the most part not evident when seen from the perspective of the current pricing of equity volatility. Implied volatilities on several major indices in the US, Europe and Asia are trading at levels below long-term averages, in some markets even substantially so. At the end of July 2023, 30-day at-the-money implied volatilities were in the bottom quartile of the long-term distribution in several major markets including the S&P 500, the Euro Stoxx 50, the FTSE 100 and the Nikkei 225.[30]

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28 Sources: True Partner, Robert Shiller / Yale Economics Department

29 Earnings estimates and S&P 500 performance data noted is as of 7 Jul 2023. Sources: True Partner, Bloomberg, FactSet Earnings Insight.

30 Sources: True Partner, Bloomberg. Long-term data uses data since 2006.

The disconnect between volatility in equity indices and that observed in other asset classes is also stark. In mid-March, the MOVE index which tracks the implied volatility in US Treasuries jumped to levels above those seen in Q1 2020 and even after retreating from these highs still trades at elevated levels, in stark contrast to equity volatility as represented by the VIX.

We believe that the current market backdrop is likely to lead more investors to consider diversifying options such as relative value volatility and directional hedges in volatility, such as those we offer through our customized solutions. We believe that market pricing for such strategies is attractive relative to alternatives in other asset classes. To give one example, we believe that 2022 demonstrated that fixed income, previously perceived as a strong diversifier, can also have material losses at the same time as equities. For example, the popular iShares 20y+ Treasury Bond ETF was down -32.8% in 2022, significantly underperforming the equivalent ETF on the S&P 500, which was down -19.5% (SPDR S&P 500 ETF Trust). We believe that this is likely to make investors reconsider a wider range of options, including volatility strategies. As we have flagged in prior reports, we believe that a longer-run historical perspective, and signs in 2020 and 2021, also suggested and continue to suggest caution regarding expectations for fixed income's diversification properties: i.e. while 2022 was not typical for fixed income, it was also not as much a surprise as some may assume.

One main detriment for equity volatility hedges in 2022 was the limited reactiveness of implied volatility on market declines (and at times, implied volatilities even declined amid market declines as happened in December 2022). We have highlighted this theme in previous reports. From that perspective, the changes in per-strike volatility and as in VIX futures contracts over the mini-banking crisis in mid-March 2023 were interesting. Whereas volatility changes remained at a lower magnitude compared to declines in earlier years, they did show more reactivity than seen in much of 2022. Furthermore, during that episode the start of contagion was visible between implied volatilities of different indices across the globe. We believe that this points to a further normalization of volatility behaviour after the anomaly of 2022, and a return to the kind of historical behaviour where directional volatility hedges have been benefited. We also expect the return of this behaviour to help drive opportunities for our relative value volatility strategy.

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

Of course, timing markets is difficult, and unusual valuations and behaviour can sometimes persist for longer than one expects. Our investment approach is principally 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 rising volatility and 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.

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

For the six months and three months ended 30 June 2023

The board of Directors (the "**Board**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together as the "**Group**") for the six and three months ended 30 June 2023 together with the unaudited comparative figures of the corresponding period in 2022 as set out below:

		Six months ended 30 June		**Three months ended 30 June**	
	Note	**2023**	2022	**2023**	2022
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	4	**8,690**	24,996	**4,101**	10,950
Other income and gain		**764**	16	**704**	5
Direct costs		**(1,014)**	(2,155)	**(507)**	(783)
Fair value gain/(loss) on financial assets at fair value through profit or loss		**108**	(427)	**(115)**	26
General and administrative expenses		**(37,737)**	(35,947)	**(19,585)**	(17,566)
Finance costs		**(69)**	(84)	**(32)**	(61)
Share of results of associates		**(227)**	(301)	**(47)**	(95)
Loss before income tax	5	**(29,485)**	(13,902)	**(15,481)**	(7,524)
Income tax expense	6	**(219)**	(158)	**(120)**	(44)
Loss for the period		**(29,704)**	(14,060)	**(15,601)**	(7,568)
Other comprehensive income/(loss)					
Item that will be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		**181**	(802)	**(384)**	(693)
Item that will not be reclassified to profit or loss:					
Fair value gain on financial assets designated at fair value through other comprehensive income		**–**	2,909	**–**	–
Other comprehensive income/(loss)		**181**	2,107	**(384)**	(693)
Total comprehensive loss for the period		**(29,523)**	(11,953)	**(15,985)**	(8,261)

	Note	Six months ended 30 June		Three months ended 30 June	
		2023	2022	**2023**	2022
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss for the period attributable to:					
Owners of the Company		**(29,704)**	(14,188)	**(15,601)**	(7,568)
Non-controlling interests		**–**	128	**–**	–
		(29,704)	(14,060)	**(15,601)**	(7,568)
Total comprehensive loss for the period attributable to:					
Owners of the Company		**(29,523)**	(12,081)	**(15,985)**	(8,261)
Non-controlling interests		**–**	128	**–**	–
		(29,523)	(11,953)	**(15,985)**	(8,261)
Loss per share (HK cents)					
– Basic and diluted	8	**(7.43)**	(3.55)	**(3.90)**	(1.89)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	**As at 30 June 2023** *HK$'000* **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)
Non-current assets			
Plant and equipment	9	**2,770**	3,057
Right-of-use assets		**2,246**	2,946
Intangible assets		**412**	532
Investments in associates		**2,311**	2,594
Deferred tax assets		**1,253**	1,253
Financial assets at fair value through profit or loss	10	**27,000**	27,386
		35,992	37,768
Current assets			
Accounts receivable	11	**2,308**	5,165
Other receivables	12	**5,104**	5,022
Deposits placed with brokers		**752**	595
Tax recoverable		**2,409**	2,454
Cash and cash equivalents		**95,468**	122,710
		106,041	135,946
Current liabilities			
Accruals and other payables	13	**7,232**	8,885
Financial liabilities at fair value through profit or loss	10	**2**	1
Lease liabilities		**1,333**	1,338
Tax payable		**174**	–
		8,741	10,224
Net current assets		**97,300**	125,722

	Note	**As at 30 June 2023** ***HK$'000*** **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)
Total assets less current liabilities		**133,292**	163,490
Non-current liability			
Lease liabilities		**1,045**	1,720
Net assets		**132,247**	161,770
Capital and reserves			
Share capital	14	**157,074**	157,074
Reserves		**(24,827)**	4,696
Total equity		**132,247**	161,770

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

								Reserves			
	Share capital	Share premium	Group reorganisation reserve	Exchange reserve	Fair value reserve (Notes (i))	Capital reserve (Notes (ii))	Share option reserve	Retained profits/ (accumulated losses)	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 1.1.2022 (audited)	4,000	153,074	1,145	(662)	(2,293)	7,234	2,479	34,641	199,618	5,798	205,416
Loss for the period	–	–	–	–	–	–	–	(14,188)	(14,188)	128	(14,060)
Other comprehensive income	–	–	–	(802)	2,909	–	–	–	2,107	–	2,107
Total comprehensive loss for the period	–	–	–	(802)	2,909	–	–	(14,188)	(12,081)	128	(11,953)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	(8,327)	–	–	(8,327)	(5,926)	(14,253)
Transfer of gain on disposal of financial assets at fair value through other comprehensive income	–	–	–	–	(616)	–	–	616	–	–	–
Recognition of equity-settled share-based payment expense	–	–	–	–	–	–	1,025	–	1,025	–	1,025
At 30.6.2022 (unaudited)	**4,000**	**153,074**	**1,145**	**(1,464)**	**–**	**(1,093)**	**3,504**	**21,069**	**180,235**	**–**	**180,235**
At 1.1.2023 (audited)	4,000	153,074	1,145	(1,076)	–	(1,093)	4,099	1,621	161,770	–	161,770
Loss for the period	–	–	–	–	–	–	–	(29,704)	(29,704)	–	(29,704)
Other comprehensive income	–	–	–	181	–	–	–	–	181	–	181
Total comprehensive loss for the period	–	–	–	181	–	–	–	(29,704)	(29,523)	–	(29,523)
Share options lapsed	–	–	–	–	–	–	(4,099)	4,099	–	–	–
At 30.6.2023 (unaudited)	**4,000**	**153,074**	**1,145**	**(895)**	**–**	**(1,093)**	**–**	**(23,984)**	**132,247**	**–**	**132,247**

Notes:

(i) Fair value reserve represents the cumulative net change in the fair value of financial assets at fair value through other comprehensive income.

(ii) Capital reserve represents equity transaction between the Group and the non-controlling interests in prior years.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before income tax	**(29,485)**	(13,902)
Adjustments for:		
Fair value (gain)/loss arising from financial instruments at fair value through profit or loss	**(108)**	427
Amortisation of intangible assets	**142**	144
Depreciation of plant and equipment	**790**	768
Depreciation of right-of-use assets	**706**	886
Dividend income	**(247)**	(6)
Interest income	**(51)**	(1)
Interest expense	**69**	84
Share of results of associates	**227**	301
Equity-settled share-based payment expense	**–**	1,025
Operating loss before working capital changes	**(27,957)**	(10,274)
Changes in working capital:		
Accounts receivable	**2,857**	3,071
Other receivables	**(82)**	984
Deposits placed with brokers	**(157)**	(39)
Accruals and other payables	**(1,653)**	(4,636)
Cash used in operations	**(26,992)**	(10,894)
Interest received	**51**	1
Net cash used in operating activities	**(26,941)**	(10,893)
Cash flows from investing activities		
Purchases of plant and equipment	**(483)**	(1,172)
Acquisition of additional interest in a subsidiary	**–**	(14,253)
Proceeds from disposal of financial assets at fair value through other comprehensive income	**–**	6,616
Dividend received	**247**	6
Net cash used in investing activities	**(236)**	(8,803)

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Principal element of lease rentals payment	**(680)**	(956)
Interest element of lease rentals payment	**(69)**	(57)
Interest paid	**–**	(27)
Net cash used in financing activities	**(749)**	(1,040)
Net decrease in cash and cash equivalents	**(27,926)**	(20,736)
Cash and cash equivalents at beginning of the period	**122,710**	160,571
Effect of foreign exchange rate changes	**684**	(756)
Cash and cash equivalents at end of the period	**95,468**	139,079
Analysis of the balance of cash and cash equivalents		
Cash at bank	**95,468**	139,079

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is located at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands and its principal place of business is located at Suites 2902-03, 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 and accounting policies

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 has been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with those of the annual report for the year ended 31 December 2022.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements are consistent with those applied in the consolidated financial statements of the Group for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective as of 1 January 2023. The adoption of the new standards and amendments does not have a material impact on the accounting policies of the Group, and the amounts reported for the current interim period and prior interim periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are carried at fair value at the end of the reporting period.

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

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 have not been audited by the Company's auditor, but have been reviewed by the Company's audit committee

3. Segment information

(a) Geographical information

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

Geographical information of revenue for the six and three months ended 30 June 2023 and 2022, is as follows:

	Six months ended 30 June		**Three months ended 30 June**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Hong Kong	**6,086**	20,717	**3,030**	9,203
Chicago	**2,604**	4,279	**1,071**	1,747
	8,690	24,996	**4,101**	10,950

(b) Information about major customers

For the six and three months ended 30 June 2023 and 2022, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows:

	Six months ended 30 June		**Three months ended 30 June**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Customer A	**4,966**	9,556	**1,644**	4,106
Customer B	**1,300**	4,279	**637**	1,747
Customer C	**1,304**	–	**434**	–
Customer D	**–**	7,592	**–**	3,796

4. Revenue

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

Revenue

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from funds and managed accounts				
Management fee income	**8,372**	24,558	**3,783**	10,512
Performance fee income	**–**	6	**–**	6
	8,372	24,564	**3,783**	10,518
Revenue from consultancy services	**318**	432	**318**	432
	8,690	24,996	**4,101**	10,950

Timing of revenue recognition:

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
At a point of time	**318**	432	**318**	432
Over time	**8,372**	24,564	**3,783**	10,518
	8,690	24,996	**4,101**	10,950

5. Loss before income tax

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss before income tax is arrived at after charging:				
Amortisation of intangible assets	**142**	144	**71**	64
Auditor's remuneration	**776**	768	**387**	381
Depreciation of plant and equipment	**790**	768	**392**	269
Depreciation of right-of-use assets	**706**	886	**321**	404
Short-term lease expenses	**894**	379	**535**	221
Employee benefits (including directors' remuneration)				
– Salaries and other benefits	**21,859**	19,726	**11,017**	10,024
– Equity-settled share-based payment expense	**–**	1,025	**–**	512
– Pension scheme contributions	**912**	773	**424**	332
	22,771	21,524	**11,441**	10,868
Exchange loss	**596**	601	**624**	536
Interest expense on lease liabilities	**69**	57	**32**	50

Note:

For the six months ended 30 June 2022, the offered government grants from Employment Support Scheme under the Anti-epidemic Fund of HKSAR Government amounted to HK$104,000) had been offset against employee benefits expense.

6. Income tax expense

Income tax expense for the period represents:

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax - Hong Kong				
Provision for the period	**219**	158	**120**	44

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

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

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

For the group entities that are domiciled and operate in the Netherlands, they are subject to corporate tax rate of 19% (15% in 2022) on taxable profits up to EUR200,000 (EUR 395,000 in 2022). The corporate income tax rate is 25.8% on taxable profits exceed EUR200,000 (EUR 395,000 in 2022). No tax provision has been made on these group entities as there is no estimated taxable profits.

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No tax provision has been made on this group entity as there is no estimated taxable profits.

During the six months ended 30 June 2023, no share of tax attributable to associates (six months ended 30 June 2022: Nil) was included in the share of results of associates.

7. **Dividend**

The Board does not recommend the payment of any dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

8. **Loss per share**

The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 400,000,000 (six months ended 30 June 2022: 400,000,000) shares in issue during the period.

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

	Six months ended 30 June		**Three months ended 30 June**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss				
Loss for the period attributable to the owners of the Company	**(29,704)**	(14,188)	**(15,601)**	(7,568)

	Six months ended 30 June		**Three months ended 30 June**	
	2023	2022	**2023**	2022
Number of shares				
Weighted average number of ordinary shares in issue during the periodused in the basic loss per share calculation	**400,000,000**	400,000,000	**400,000,000**	400,000,000

Note:

Diluted loss per share for the six and three months ended 30 June 2023 and 2022 is the same as the basic loss per share as the effect of the conversion of the Company's share options would result in an antidilutive effect on the loss per share.

9. Plant and equipment

During the six months ended 30 June 2023, the Group acquired computer and office equipment at HK$402,000 (six months ended 30 June 2022: HK$1,172,000) and furniture and fixtures at HK$81,000 (six months ended 30 June 2022: Nil).

10. Financial assets/liabilities at fair value through profit or loss

	As at 30 June 2023 *HK$'000* **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)
Non-current assets		
Investment in an unlisted investment fund – Note 10(a)	**16,710**	16,751
Investment in an unlisted bond fund – Note 10(b)	**10,290**	10,635
	27,000	27,386
Current liabilities		
Short position with the underlying equity securities listed in Hong Kong	**2**	1

Note:

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

(b) On 15 September 2022, the Group entered into a subscription agreement for subscription of RMB10 million (equivalent to approximately HK$11.5 million) of Nanhua Reli Bond Fund A. The subscription was completed on 16 September 2022. The investment is classified as non-current as the management expects to realize these financial assets not less than twelve months after the reporting period. For more information on the subscription, please refer to the Company's announcement dated 15 September 2022.

11. Accounts receivable

	As at 30 June 2023 *HK$'000* **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)
Consultancy service fee receivable	**225**	372
Management fee receivable	**2,083**	4,793
	2,308	5,165

Notes:

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

	As at 30 June 2023 *HK$'000* **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)
Less than 30 days	**2,197**	5,048
31 - 60 days	**111**	–
61 - 90 days	**–**	–
Over 90 days but less than 1 year	**–**	117
	2,308	5,165

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

	As at 30 June 2023 *HK$'000* **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)
Not past due	**2,197**	5,048
1 - 30 days	**111**	–
31 - 60 days	**–**	–
Over 90 days but less than 1 year	**–**	117
	2,308	5,165

12. Other receivables

	As at 30 June 2023 *HK$'000* **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)
Deposits	**904**	910
Other receivables	**1,633**	1,612
Prepayments	**2,567**	2,500
	5,104	5,022

13. Accruals and other payables

	As at 30 June 2023 HK$'000 (Unaudited)	As at 31 December 2022 HK$'000 (Audited)
Accrued employee benefits	**2,389**	4,604
Accrued expenses	**4,047**	3,250
Other payables	**796**	1,031
	7,232	8,885

14. 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 31.12.2021, 1.1.2022 and 30.6.2022	10,000,000,000	100,000		
At 31.12.2022, 1.1.2023 and 30.6.2023	**10,000,000,000**	**100,000**		
Issued and fully paid:				
At 31.12.2021, 1.1.2022 and 30.6.2022	400,000,000	4,000	153,074	157,074
At 31.12.2022, 1.1.2023 and 30.6.2023	**400,000,000**	**4,000**	**153,074**	**157,074**

15. Related party transactions

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

			Six months ended 30 June	
		Note	**2023**	2022
			HK$'000	*HK$'000*
			(Unaudited)	(Unaudited)
Name of related parties	***Nature of transactions***			
True Partner Fund ("**TPF**")	Management and performance fee income	(i), (ii)	**4,966**	9,556
True Partner Volatility Fund ("**TPVF**")	Management fee income	(i), (iii)	**802**	1,295

Notes:

(i) A director of the Company is a member of key management personnel of these funds.

(ii) For the six months ended 30 June 2023 and 2022, included in the management and performance fee income from TPF is an amount of HK$167,000 and HK$174,000 respectively attributable to the investments in TPF held by True Partner Advisor Limited, a subsidiary of the Company.

(iii) For the six months ended 30 June 2023 and 2022, included in the management fee income from TPVF is an amount of approximately HK$44,000 and HK$47,000 respectively attributable to the investments in TPVF held by a director of the Company.

(b) Compensation of key management personnel

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**8,767**	7,640
Pension scheme contributions	**122**	132
	8,889	7,772

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

16. Approval of the interim financial information

The interim financial information was approved and authorised for issue by the board of directors on 11 August 2023.

FINANCIAL REVIEW

Revenue

During the Reporting Period, revenue of the Group amounted to HK$8.7 million, representing a decrease of HK$16.3 million, or approximately 65% as compared with HK$25 million for the corresponding period of 2022. The decrease in revenue was primarily due to shifts in product mix over the period, which had the result of a decrease in the average revenue per unit of assets under management for the Reporting Period.

Gross profit and gross profit margin

Gross profit of the Group for the Reporting Period was HK$7.7 million, representing a decrease of HK$15.1 million or 66% from HK$22.8 million for the corresponding period of 2022. The decrease was primarily driven by a decrease in the average revenue per unit of assets under management for the Reporting Period.

General and administrative expenses

General and administrative expense of the Group for the Reporting Period amounted to HK$37.7 million, representing an increase of HK$1.8 million or approximately 5% from HK$35.9 million over the corresponding period of 2022. The increase in expenses was primarily due to an increase in staff cost since the overall number of personnel was higher in the first half of 2023 as compared to the first half of 2022. Other drivers of increased expense included data expenses and administrative expenses as the Group has been working on the expansion of its operations in Europe and Asia in line with the use of proceeds outlined in the Prospectus.

Share of results of associates

Share of results of associates represents operating losses arising from principal business activities of two associates - Capital True Partner Technology Co., Ltd. and Holland & Muh Investment Management Co., Ltd. ("**Holland & Muh**"). For the Reporting Period, share of loss of associate of the Group amounted to approximately HK$227,000, representing a decreased loss of HK$74,000 or approximately decreased loss of 25% for the corresponding period of 2022. This was primarily due to the better business activity performance of the two associates impacted by more favourable market conditions.

Principal risks and uncertainties facing the Group

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

Foreign Exchange Risk

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

Credit Risk

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

Liquidity, current ratio and capital structure

Fee income is the Group's main source of income, while other income sources include interest income generated from bank deposits. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flow. As at 30 June 2023, the Group's balance sheet and cash flow positions remained stable, with a net cash balance of HK$95.5 million. The current ratio (current assets divided by current liabilities) of the Group was 12.13 times. The Group had no corporate bank borrowings. The Group's net cash is more than its net debts, therefore, no gearing ratios are presented as at 30 June 2023.

Capital structure

As at 30 June 2023, the Group's shareholders' equity and total number of shares issued were HK$132.2 million and 400 million shares, respectively.

Charge on assets

As at 30 June 2023, the Group did not pledge any assets as collateral for overdrafts or other loan facilities.

Segment Information

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

Future plan for material investments or capital assets

As at 30 June 2023, the Group had no specific plan for material investments or capital assets.

Contingent liabilities

As at 30 June 2023, the Group has no material contingent liabilities or guarantees (as at 30 June 2022: nil).

Donations for charitable or other purpose

Donations for charitable or other purpose such as sponsorship in community activities of approximately HK$111,000 were made by the Group during the Reporting Period (for the six months ended 30 June 2022: HK$276,000).

Interim Dividends

The Board does not recommend the payment of an interim dividend for the Reporting Period (for the six months ended 30 June 2022: Nil).

Human resources management

As at 30 June 2023, the Group had a total of 32 employees (as at 30 June 2022: 30). Based on the Group's remuneration policy, the employees' remuneration is determined with reference to the experience and qualifications of the individual's performance. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs.

The Group has also adopted a share option scheme to reward individual staff for their contribution to the Group.

MORE INFORMATION

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

As at 30 June 2023, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long Positions in the Shares

Name of Director/ Chief Executives	Capacity/ Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Tobias Benjamin Hekster	Beneficial owner	58,759,018	14.68%
Godefriedus Jelte Heijboer	Beneficial owner	56,055,644	14.01%
Ralph Paul Johan van Put(1)	Interest in a controlled corporation	58,337,399	14.58%
Roy van Bakel(2)	Interest in a controlled corporation	27,686,280	6.92%

Notes:

(1) The Shares were held by True Partner Participation Limited. True Partner Participation Limited is wholly owned by Mr. Ralph Paul Johan van Put. Mr. Ralph Paul Johan van Put is deemed to be interested in all the Shares held by True Partner Participation Limited under the SFO.

(2) The Shares were held by Red Seven Investment Ltd. Red Seven Investment Ltd is wholly owned by Mr. Roy van Bakel. Mr. Roy van Bakel is deemed to be interested in all the Shares held by Red Seven Investment Ltd under the SFO.

Save as disclosed above, as at 30 June 2023, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as is known to the Directors, as at 30 June 2023, the following persons/entities (other than Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying Shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long Positions in the Shares

Name of Shareholders	Capacity/ Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Franca Kurpershoek-Hekster (1)	Interest of spouse	58,759,018	14.68%
Wong Rosa Maria (2)	Interest of spouse	56,055,644	14.01%
True Partner Participation Limited	Beneficial owner	58,337,399	14.58%
Kung Yun Ching (3)	Interest of spouse	58,337,399	14.58%
True Partner International Limited (4)	Beneficial owner	62,336,908	15.58%
DSS Financial Management, Inc. (4)	Interest in a controlled corporation	62,336,908	15.58%
DSS Securities, Inc. (4)	Interest in a controlled corporation	62,336,908	15.58%
DSS, Inc. (4)	Interest in a controlled corporation	62,336,908	15.58%
Chan Heng Fai Ambrose (4) (5)	Interest in a controlled corporation and Beneficial owner	70,784,908	17.69%
Chan Kong Yoke Keow (5)	Interest of spouse	70,784,908	17.69%
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%

Name of Shareholders	Capacity/ Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
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 14.68% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Franca Kurpershoek-Hekster is deemed to be interested in the same number of Shares in which Mr. Tobias Benjamin Hekster is deemed to be interested in under the SFO.

(2) Mrs. Wong Rosa Maria is the spouse of Mr. Godefriedus Jelte Heijboer, an executive Director, and Mr. Godefriedus Jelte Heijboer holds 14.01% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Wong Rosa Maria is deemed to be interested in the same number of Shares in which Mr. Godefriedus Jelte Heijboer is deemed to be interested in under the SFO.

(3) Mrs. Kung Yun Ching is the spouse of Mr. Ralph Paul Johan van Put, the chairman and executive Director and True Partner Participation Limited is wholly owned by Mr. Ralph Paul Johan van Put. True Partner Participation Limited holds 14.58% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Kung Yun Ching is deemed to be interested in the same number of Shares in which Mr. Ralph Paul Johan van Put and True Partner Participation Limited are deemed to be interested in under the SFO.

(4) True Partner International Limited is a wholly owned subsidiary of DSS Financial Management, Inc. DSS Financial Management, Inc. is wholly owned by DSS Securities, Inc., which is wholly owned by DSS, Inc. DSS, Inc. is 58.58% owned by Mr. Chan Heng Fai Ambrose. True Partner International Limited holds 15.58% in True Partner Capital Holding Limited. By virtue of the SFO, Mr. Chan Heng Fai Ambrose is deemed to be interested in the Shares held by True Partner International Limited under the SFO.

(5) Alset International Limited is 85.35% held by Alset Business Development Pte Ltd. Alset Business Development Pte Ltd. is wholly owned by Alset Global Pte Ltd, which is wholly owned by Alset, Inc. Alset, Inc. is 47.64% owned by Mr. Chan Heng Fai Ambrose. Alset International Limited holds 0.08% in True Partner Capital Holding Limited. By virtue of the SFO, Mr. Chan Heng Fai Ambrose is deemed to be interested in the Shares held by Alset International Limited under the SFO. In addition, Mr. Chan Heng Fai Ambrose beneficially holds 2.03% in True Partner Capital Holding Limited and has deemed interest in 15.58% in True Partner Capital Holding Limited per note (4) above. Mrs. Chan Kong Yoke Keow is the spouse of Mr. Chan Heng Fai Ambrose and 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 30 June 2023, the Directors were not aware of any other persons/entities (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

Pre-IPO Share Option Scheme

A pre-IPO share option scheme was adopted and approved by the then shareholders of the Company on 13 February 2020 (the "**Pre-IPO Share Option Scheme**"). The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain employees of the Group to the growth of the Group by granting options to them as rewards and further incentives. For more information, please refer to the section of "Directors' Report" in the Group's annual report for the year ended 31 December 2022 (the "**Annual Report 2022**").

The Pre-IPO Share Option Scheme is valid and effective for only a period of 2 years commencing on the date that the Company is listed on the Stock Exchange (the "**Listing Date**") and thus has expired on 16 April 2023. 7,947,488 share options has lapsed during the six months ended 30 June 2023.

Share Option Scheme

A share option scheme was adopted and approved by the then shareholders of the Company on 22 September 2020 (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the section of "Directors' Report" in the Annual Report 2022. No share option has been granted by the Company pursuant to the Share Option Scheme since its adoption and up to the date of this announcement.

INTERESTS IN COMPETING BUSINESS

None of the Directors or the substantial Shareholders (as defined in the GEM Listing Rules) of the Company (the "**Substantial Shareholders**") or their respective close associates (as defined in the GEM Listing Rules) has interests in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person has or may have with the Group for the six months ended 30 June 2023 and up to the date of this announcement.

CODE OF CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors have confirmed that they had fully complied with the Code of Conduct during the six months ended 30 June 2023.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2023.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Company for the six months ended 30 June 2023 and is of the opinion that such results have been complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

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

Hong Kong, 11 August 2023

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

This announcement will remain on the "Latest Listed Company Information" page of The Stock Exchange of Hong Kong Limited website at www.hkexnews.hk for a minimum period of seven days from the date of its publication. This announcement will also be published on the Company's website at www.truepartnercapital.com.

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