

A background network diagram consisting of numerous light blue nodes connected by thin grey lines, creating a complex web-like structure. A large blue circle with a white border is centered on the page, containing the main title. In the top right corner, there is a blue rectangular box with white text and two horizontal white lines above and below it.

True Partner  
Capital Holding

# Global Fund Management & Trading Technology

## Interim report 2021

Volatility Focused Asset Manager, Specialised in Options & Futures Trading:  
Trading, Research & Technology | Global 22h Trading Coverage | Experienced Team

Proprietary Trading Platform | Global Brand recognition

**True Partner Capital Holding Limited**

Incorporated under the laws of the Cayman Islands with limited liability

Stock code : 8657

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

**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.**

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*This report, 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 report 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 report 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**

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## Corporate information

### Board of directors

#### Executive Directors

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

#### Independent Non-executive Directors

Jeronimus Mattheus Tielman  
 Wan Ting Pai  
 Ming Tak Ngai

### Audit committee

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

### Remuneration committee

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

### Nomination committee

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

### Company secretary

Siow Grace Yuet Chew  
 ACG, ACS

### Authorised representatives

Ralph Paul Johan van Put  
 Godefriedus Jelte Heijboer

### Compliance officer

Roy van Bakel

### Compliance adviser

Alliance Capital Partners Limited

### Registered office in the Cayman Islands

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

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

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

### Cayman Islands principal share registrar and transfer office

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

### Hong Kong branch share registrar and transfer office

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

### Legal advisers

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

*As to Cayman Islands law:*  
 Appleby

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

### Auditor

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

### Principal banker

DBS Bank (Hong Kong) Limited

### Stock code

8657

### Company website

[www.truepartnercapital.com](http://www.truepartnercapital.com)

# RESULTS

## Interim report

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 2021 (the “**Reporting Period**”) together with the audited comparative figures of the corresponding period in 2020 as set out below:

## Selected financial highlights

	1H2021 (HK\$'000)	1H2020 (HK\$'000)	Percentage Change
<b>Total revenue</b>	29,274	73,087	(60)
Management fee income	28,893	29,428	(2)
Performance fee income	–	43,143	N/A
Consultancy service fee	381	516	(26)
<b>Gross profit</b>	25,990	67,710	(62)
<b>Operating (loss)/profit</b> <sup>Note 1</sup>	(8,101)	19,383	(142)
<b>(Loss)/profit for the period</b>	(11,096)	13,176	(184)
<b>(Loss)/profit attributable to owners of the Company</b>	(11,261)	12,790	(188)
<b>Total comprehensive (loss)/income</b>	(11,214)	11,854	(195)
<b>Non-HKFRS: adjusted net (loss)/profit</b> <sup>Note 2</sup>	(11,261)	24,358	(146)
<b>(Loss)/earnings per share (HK cents) – Basic and diluted</b> <sup>Note 3</sup>	(2.82)	4.26	N/A
<b>Non-HKFRS: adjusted (loss)/earnings per share (HK cents)</b> <sup>Note 4</sup>	(2.82)	8.12	N/A

### Notes

- Operating (loss)/profit represents (loss)/profit before income tax adding back fair value (loss)/gain on financial assets at fair value through profit or loss, finance costs, share of results of associates and gain on dilution of interest in an associate.
- Adjusted net (loss)/earnings is unaudited and represents (loss)/earnings for the period attributable to owners of the Company after adding back listing expenses of approximately HK\$11.6 million. Adjusted net (loss)/earnings is not a measure of performance under HKFRS, has material limitations as an analytical tool, and does not include all items that impact our profit for the relevant year.
- The calculation of the basic (loss)/earnings per share amount is based on the loss for the period attributable to owners of the Company of HK\$11,261,000 (2020: profit of HK\$24,358,000), and the weighted average number of ordinary shares of 400,000,000 shares (2020: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company on 16 October 2020. Diluted (loss)/earnings per share for the period ended 30 June 2021 and 2020 is the same as the basic (loss)/earnings per share as the effect of the conversion of the Company's share options would result in an antidilutive effect on the loss per share.
- Adjusted (loss)/earnings per share is unaudited and represents adjusted net (loss)/profit divided by the weighted average number of ordinary shares of 400,000,000 (2020: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company on 16 October 2020.



## Selected business and financial highlights

- The six months ended 30 June 2021 (“1H2021”) was overall another strong period for equity markets, and one in which implied volatility broadly declined.
- The MSCI World Total Return Hedged to US Dollars finished the first half of the year up +14.2%, a significantly higher return than its long-term average. Equities continued to be boosted by monetary policy stimulus from central banks and fiscal stimulus from government actions as well as strong economic growth and continued positive investor sentiment.
- Implied volatility declined over the first half. The VIX index, which is a widely followed measure of US equity market volatility, fell by approximately 30% over the first half, from 22.8 to 15.8. The VIX index is not directly tradable and the change in the VIX index somewhat understates the actual cost of having long biased exposure to implied volatility. For example, a large exchange-traded note providing exposure to VIX futures<sup>1</sup> was down by -56.2% over the first half.
- The first half of 2021 was challenging for our relative value volatility trading strategy.<sup>2</sup> 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 2021, the True Partner Fund, the Group’s longest running fund product, has outperformed each of the CBOE Eurekahedge Relative Value Volatility, Long Volatility and Short Volatility Hedge Fund indices in both absolute terms and in alpha terms.<sup>3</sup> Over the same inception to date period, considering the whole period from July 2011 through 30 June 2021, our longest running fund product has also outperformed the Eurekahedge Asset Weighted Hedge Fund Index, a broad index of hedge fund performance, in both absolute terms and in alpha terms.
- The Group’s assets under management were relatively stable during 1H2021 and were higher relative to the comparable period in 2020. Assets under management were US\$1,568 million as of 30 June 2021, a 16% increase as compared to assets under management of US\$1,357 million as of 30 June 2020. Changes in assets under management during the first half of 2021 were a result of negative investment performance offset by positive net inflows. Growth in assets under management relative to the end of the first half of 2020 was driven by positive net inflows.

<sup>1</sup> The iPath Series B S&P 500 VIX Short-Term Futures ETN.

<sup>2</sup> 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.

<sup>3</sup> 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.

- Revenues for the six months ended 30 June 2021 were HK\$29.3 million. This compares to revenues of HK\$73.1 million for the six months ended 30 June 2020. During the first half of 2020 the Group's investment products saw strong performance and as a result generated both management fees and significant performance fees. During the first half of 2021, the Group's revenues from management fees remained relatively stable when compared to the same period in 2020; however, the Group did not generate performance fees.<sup>4</sup> This resulted in an overall decline in revenues relative to the first half of 2020.
- General and administrative expenses were HK\$34.1 million in the first half of 2021, as compared to HK\$36.8 million in the first half of 2020. The decline in expenses was primarily due to lower remuneration costs. The overall number of personnel was higher in the first half of 2021 as compared to the first half of 2020 as the Group implemented its expansion plans as previously outlined in our Prospectus. Performance based incentives are a common feature of hedge fund business models and the decline in remuneration costs was primarily a result of a reduction in bonus accruals when compared to the first half of 2020.
- The Group's profit/loss before income tax was a loss of HK\$9.7 million in the first half of 2021, as compared to a profit of HK\$21.7 million in the comparable period in 2020. Profit/loss attributable to owners of the company was a loss of HK\$11.3 million in the first half of 2021 (after tax), as compared to a profit of HK\$12.8 million in the comparable period of 2020.
- During the first half, the ongoing backdrop of Covid-19 continued to restrict international travel and in person interactions in many countries. The Group has continued to actively use technology to enhance its marketing efforts. During the first half of 2021, the team has been actively engaged with investors and prospects through regular webinars, on a one-on-one basis, through conferences and through engagements via third parties. The Group also continued to engage with investors and prospects via newsletters and longer thought pieces.
- During the first half of 2021, the Group has also been working on the expansion of its operations in Europe and Asia in line with the Use of Proceeds outlined in its Prospectus. This has included working through the process of obtaining an investment firm license from the Authority Financial Market ("AFM") in the Netherlands. As part of this expansion we have been pleased to welcome three new senior experienced professionals to the Group, including a new global CFO, a new Managing Director with substantial experience in senior executive operational management roles, and a new Manager of Risk and Compliance in our Amsterdam office who has substantial experience in derivatives markets. The Group has also continued to expand its technology team.

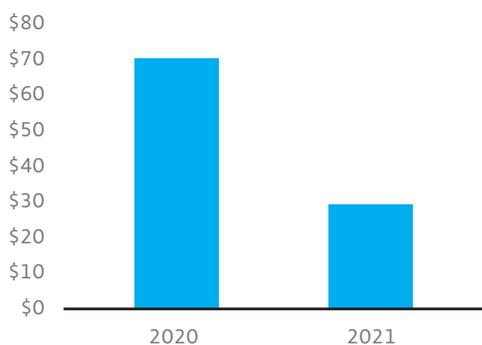
*4. Management and performance fees can vary by product and account in accordance with the terms of the specific products and accounts and can be subject to confidentiality obligations. Performance fees are also subject to high water marks. Changes in assets under management at the overall Group level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

# Results

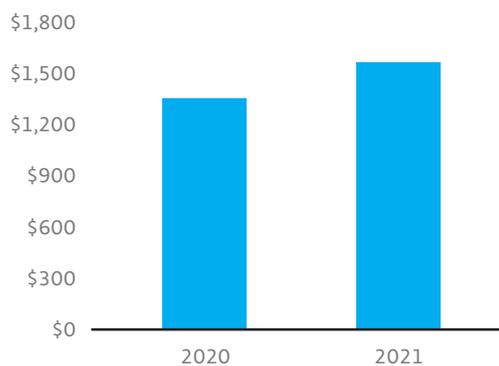
## Selected financial highlights

(in HK\$ millions as of 30 June 2021 unless stated, with comparison to 30 June 2020)

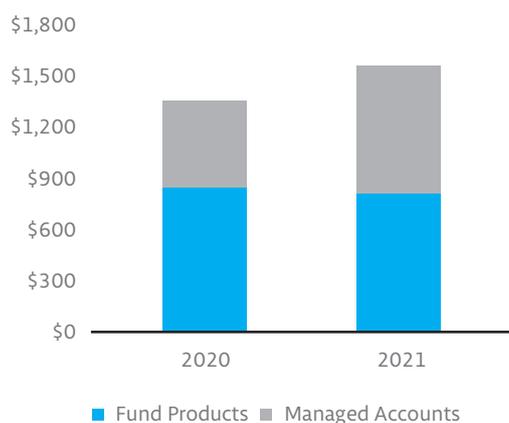
### Revenues



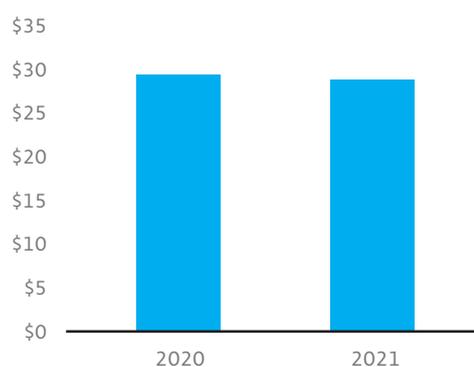
### Assets under management ("AUM") (US\$ millions) <sup>5</sup>



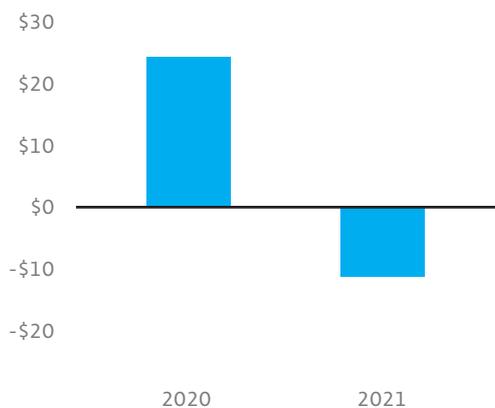
### Breakdown of AUM by Product Type (US\$ millions) <sup>5</sup>



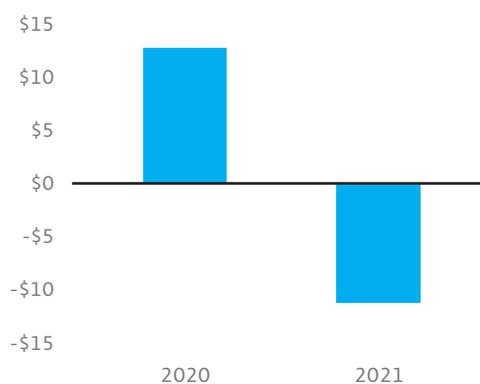
### Management fees



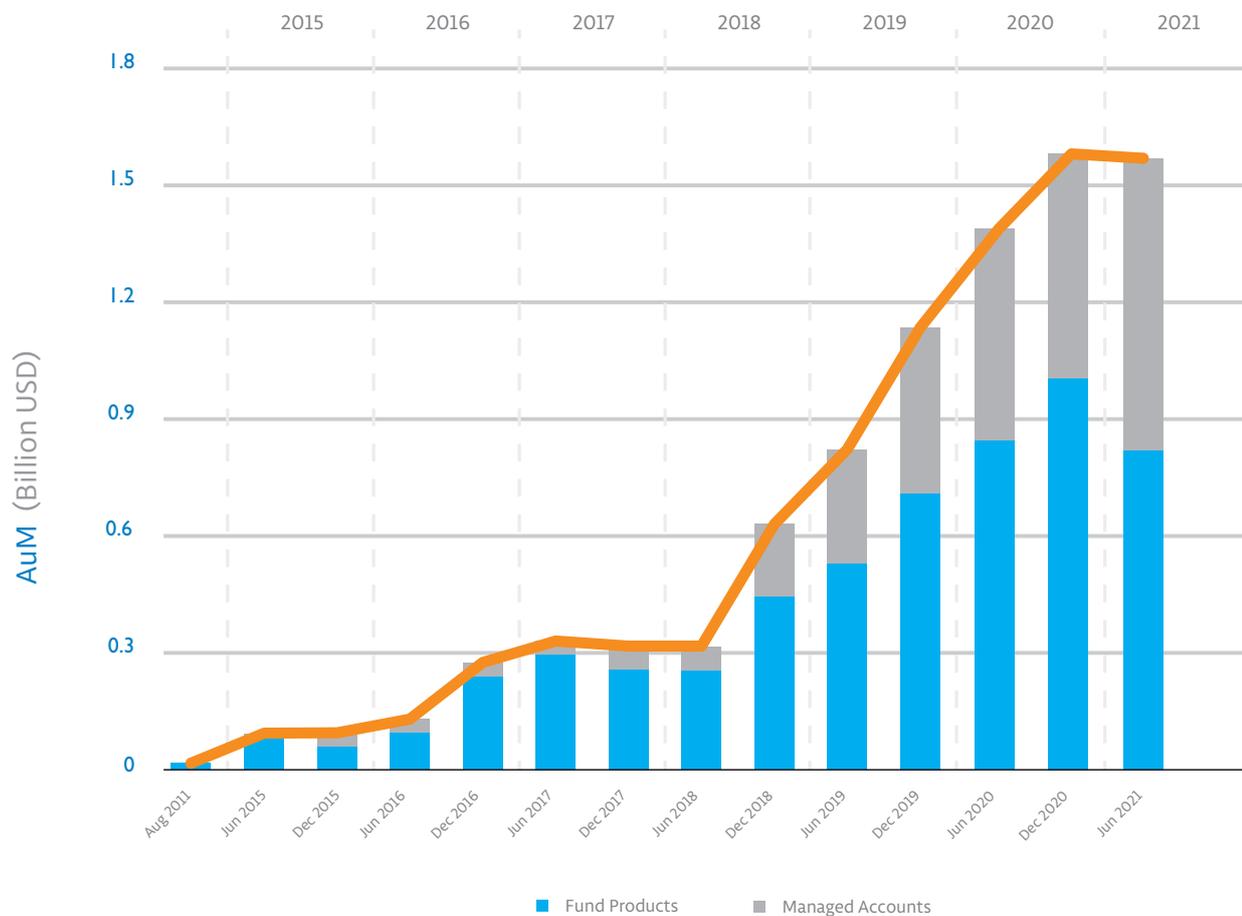
### Non-HKFRS: Adjusted Net Profit <sup>6</sup>



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



Earnings power and operating leverage



5. The Group manages or advises on both fund products and other investment mandates. For the purposes of this report, fund products launched by the Group or co-branded with the Group where a subsidiary of the Group is the investment manager or sub-investment manager are grouped under "fund vehicles"; other mandates are grouped under "managed accounts". As of 30 June 2021 the Group's managed accounts deploy the Group's relative value trading strategy.

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

# Management discussion and analysis

## Business review

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

Our firm AUM is US\$1,568 million as of 30 June 2021 and we currently manage or advise on both fund products and managed accounts.<sup>7</sup> Our longest running fund product was launched in July 2011 and was later restructured into a master-feeder structure to facilitate investments

from U.S. taxable investors. In 2016 we launched a further fund, which is similarly structured, but with a trading strategy which has a long volatility bias. Together with International Asset Management (“IAM”), we made our strategy available in UCITS format in June 2019, with the launch of a co-branded fund product for which a subsidiary of the Group is the sub-

under management relating to these fund products are grouped together as “fund vehicles” above and below. In addition to funds launched by us or co-branded with us, we also enter into investment management mandates with third parties who allocate a sub-fund of their umbrella fund or a portion of their assets to be managed by us. While such arrangements may



*The Night Watch, Amsterdam, Rembrandt Harmensz. van Rijn, 1642*

investment manager and IAM is the investment manager. IAM was founded in 1989 and is one of the oldest independent asset management firms specializing in hedge funds and alternative UCITS investments. Assets

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.

<sup>7</sup> 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.

<sup>8</sup> Sources: True Partner, Bloomberg

<sup>9</sup> Federal Reserve Board Members June 2021 projections: <https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20210616.htm>; December 2020 projections: <https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20201216.htm>

As of 30 June 2021, our AUM comprised of US\$817 million in fund products (including funds where the Group is a sub-investment manager) and US\$751 million in managed

accounts or similar arrangements. The investors in funds managed or advised by us are mainly professional investors, including collective investment undertakings, family

offices, pension funds, endowments/foundations, financial institutions and high net worth individuals.

## Market environment

The first half of 2021 overall saw a continuation of the equity market rally and a fall in implied volatility. The MSCI World Total Return Index Hedged to US Dollars (“**MSCI World**”) rose +14.2% during the first half, an unusually strong return. For a very long-term context, it is helpful to consider the MSCI World Total Return USD, for which monthly performance data is available from January 1970. Over this period risk free rates, as proxied by US 3-month Treasury Bills, have fallen dramatically and as such it is useful to consider returns relative to risk free rates. Over the more than 50-year period from January 1970 to June 2021 the MSCI World Total Return USD has produced an annualised return of 3-month Treasury Bills +4.6%. In the first half of 2021 it produced a return of 3-month Treasury Bills +13.0%, that is, approximately three times its long-term average annual return, in half a year.<sup>8</sup>

During the first half of 2021, equity returns were strong across regions. In the US, the S&P 500 Total Return rose +15.0%, in Europe the EuroStoxx 50 Total Return Hedged to US Dollars was up +16.3%, while in Asia the Kospi 200 Total Return was up +13.8% and the Nikkei Total Return Hedged to US Dollars was up +5.8%. Equity markets were boosted by stronger than anticipated improvements in economic growth, particularly in the US, combined with a backdrop of continued extensive fiscal and monetary support. The shift in the median economic projections of US Federal Reserve Board members illustrates the degree of the positive surprise. At its meeting on 16 December 2020, the median projection for real GDP growth in 2021 was 4.2%. This was revised up to 7.0% by the time of its 16 June 2021 meeting. Over the same period, the median projection for the unemployment rate at the end of 2021

fell from 5.0% to 4.5%, and the median projection for the end of 2022 was 3.8%, a level below the 4.0% median estimate of the long-run neutral rate of unemployment.<sup>9</sup>

At the start of the second half, valuations in major equity markets including the S&P 500 remained at elevated levels when compared to longer-term averages.<sup>10</sup> For example, looking at the average percentile of three measures of valuation, the P/E ratio, the long-term P/E ratio and the 12-month forward P/E ratio for the S&P 500 as of 30 June 2021, on average these metrics were in the 97<sup>th</sup> percentile of observations relative to the approximately 15-year period from 1 January 2006 to 30 June 2021. Said in another way, these metrics are at levels which had been matched or exceeded only in 3% of the time over that approximately 15-year period. The other 97% of the time over that period, the S&P 500 has appeared cheaper based on these metrics.<sup>11</sup>

A number of the most widely followed measures of implied volatility fell during the first half. The VIX index, which is a widely followed measure of US equity market volatility, fell by approximately 30% over the first half, from 22.8 to 15.8. The VIX index is not directly tradable and the change in the VIX index somewhat understates the actual cost of having long biased exposure to implied volatility. For example, a large exchange-traded note providing exposure to VIX futures<sup>12</sup> was down by -56.2% over the first half. In Europe, the EuroStoxx 50 Volatility Index, the VSTOXX, fell by 22% from 23.4 to 18.2 over the first half. In Korea, the VKOSPI fell by 36% from 22.1 to 14.2 over the same period, while in Japan the Nikkei Stock Average Volatility Index fell by 14% from 19.9 to 17.7. Like the VIX, the VSTOXX, VKOSPI

<sup>10</sup>. Based on price to earnings ratios, long-term price to earnings ratios and estimated price to earnings ratios. Sources: True Partner, Bloomberg

<sup>11</sup>. Sources: True Partner, Bloomberg

<sup>12</sup>. The iPath Series B S&P 500 VIX Short-Term Futures ETN

## Management discussion and analysis

and Nikkei Stock Average Volatility Index are not directly tradable, but they are some of the most widely followed measures of implied volatility.

Outside of equities, government bonds had losses over the first half, despite a rally in the second quarter. The US 10-year government bond yield rose from 0.91% to 1.47% and the German 10-year government bond yield rose from -0.57% to -0.21%. Japanese yields saw a smaller change, with the 10-year government bond yield rising from 0.02% to 0.06%. The Bloomberg Barclays US Treasury Total Return Index was down -2.6% during the first half, recovering in Q2 after being down -4.3% in Q1, its worst quarterly return since 1980.<sup>13</sup> Implied volatility in US government bonds rose over the course of the first half, with a sharp rise during Q1 that was mostly given up during Q2.<sup>14</sup> However,

the move higher in government bond yields and perceived risk in fixed income (i.e. a higher level of implied volatility) was largely shrugged off by equity markets.

The Covid-19 pandemic remained an ongoing human tragedy, with over 2 million deaths globally from Covid-19 during the first half of 2021, more than the total number of deaths in 2020 (1.87 million).<sup>15</sup> However, with significant progress in vaccination programs in the US and to a lesser extent in Europe allowing an increase in economic activity, and little change in overall fiscal and monetary stimulus, it had much less impact on global equity markets. Towards the end of the second quarter of 2021, the emergence of new variants, notably the Delta variant, around the same time as restrictions on contact and travel began to be eased, led to faster rises in cases in a number of developed countries.

### Investment performance

The first half was challenging for our strategies. The True Partner Fund has historically had its strongest performance during periods in which equities have declined and implied volatility has risen, so the broad market backdrop was not favourable for our investment approach over the first half. There were also some more idiosyncratic factors during the first half that proved challenging, including in January. After rising +7.2% in 2020, the True Partner Fund, our longest running strategy, was down -8.0% in the first half of 2021. While the return in the first half was disappointing, the True Partner Fund has seen similarly difficult periods in the past, including in 2013, 2014, 2017 and in 2019, and we remain confident in our investment approach. While it is important to

remember that past performance is not necessarily a guide or indicator of future performance, it is an interesting to observe that all these periods were followed by periods of strong performance, specifically in 2015, 2018 and 2020.

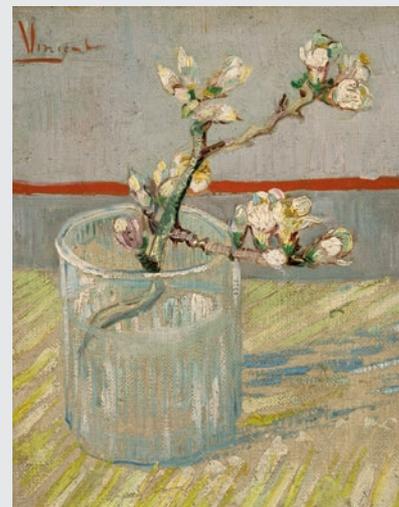
Investment performance in any given short time period can fluctuate around the long-term average based on the prevailing market opportunities. Investors in the Group's products typically focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 through 30 June 2021, the True Partner Fund, the Group's

longest running fund product<sup>7</sup> has outperformed each of the CBOE Eurekahedge Relative Value Volatility, Long Volatility and Short Volatility Hedge Fund indices in both absolute terms and in alpha terms. The Group considers these indices to be relevant benchmarks of peer performance as they are comprised of hedge funds trading different types of volatility strategies. Over the same inception to date period, considering the whole period from July 2011 through 30 June 2021, our longest running fund product has also outperformed the Eurekahedge Asset Weighted Hedge Fund Index, a broad index of hedge fund performance, in both absolute terms and in alpha terms.

<sup>14</sup>. Source: Bloomberg, referencing the ICE BofA MOVE Index. This index is a yield curve weighted index of the normalised implied volatility on 1-month Treasury options. It is the weighted average of volatilities on the 2 year, 5 year, 10 year and 30 year US Treasuries.

<sup>13</sup>. Sources: True Partner, Bloomberg

<sup>15</sup>. Source: Bloomberg



Vincent van Gogh (1853 - 1890), born in the Dutch village of Zundert

## 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 2021 were HK\$29.3 million. This compares to revenues of HK\$73.1 million for the six months ended 30 June 2020. During the first half of 2020 the Group's investment products saw strong performance and as a result generated both management fees and significant performance fees. During the first half of 2021, the Group's revenues from management fees remained relatively stable when compared to the same period in 2020; however, the Group did not generate performance fees.

General and administrative expenses were HK\$34.1 million in the first half of 2021, as compared to HK\$36.8 million in the first half of 2020. The decline in expenses was primarily due to lower remuneration costs. The overall number of

personnel was higher in the first half of 2021 as compared to the first half of 2020. Performance based incentives are a common feature of hedge fund business models and the decline in remuneration costs was primarily a result of a reduction in bonus accruals when compared to the first half of 2020.

The Group's loss/profit before income tax was a loss of HK\$9.7 million in the first half of 2021, as compared to a profit of HK\$21.7 million in the comparable period in 2020. Loss/Profit attributable to owners of the company was a loss of HK\$11.3 million in the first half of 2021 (after tax), as compared to a profit of HK\$12.8 million in the comparable period of 2020. The Group's comprehensive income attributable to owners of the company was a loss of HK\$11.4 million in the first half of 2021 vs. a profit of HK\$11.5 million in the comparable period of 2020.

## Management discussion and analysis

### Non-HKFRS measures – Adjusted Net Loss/Profit and Adjusted Loss/Earning per share

In order to supplement the Group's consolidated financial statements, which are presented in accordance with HKFRS, the Group also uses Adjusted Net Loss/Profit (defined below) and Adjusted Loss/Earnings Per Share (defined below) as additional financial measures. The Group presents these financial measures because they

are used by the management of the Group to evaluate the Group's financial performance by eliminating the impact of certain items that the Group does not consider to be indicative of the Group's underlying performance during the Reporting Period. The Group also believes that these non-HKFRS measures provide additional information

#### Reconciliation of Adjusted Net (Loss)/Profit

	1H2021 (HK\$'000)	1H2020 (HK\$'000)
(Loss)/profit attributable to owners of the Company	(11,261)	12,790
Add back: listing expense	-	11,568
<b>Adjusted net (loss)/profit</b>	<b>(11,261)</b>	<b>24,358</b>

#### Comparison: (Loss)/Earnings per share

	1H2021 (HK\$'000)	1H2020 (HK\$'000)
(Loss)/profit attributable to owners of the Company	(11,261)	12,790
Divided by: number of ordinary shares	400,000,000	300,000,000
<b>(Loss)/earnings per share (HK cents)</b>	<b>(2.82)</b>	<b>4.26</b>

#### Reconciliation of non-HKFRS Adjusted (Loss)/Earnings per share

	1H2021 (HK\$'000)	1H2020 (HK\$'000)
(Loss)/profit attributable to owners of the Company	(11,261)	12,790
Add back: listing expense	-	11,568
<b>Adjusted net (loss)/profit</b>	<b>(11,261)</b>	<b>24,358</b>
Divided by: number of ordinary shares	400,000,000	300,000,000
<b>Adjusted (loss)/earnings per share (HK cents)</b>	<b>(2.82)</b>	<b>8.12</b>

to investors and others in their understanding and evaluating the Group's results of operations in the same manner as they help the Group's management and in comparing financial results across accounting periods and to those of the Group's peer companies. However, these non-HKFRS measures do not have a standardized meaning prescribed by HKFRS and therefore they may not be comparable to similar measures presented by other companies listed on the Hong Kong Stock Exchange.

During 2020, the Group undertook preparatory work in advance of its listing on the GEM of the Hong Kong Stock Exchange on 16 October 2020. During the first half of 2020, the Group incurred HK\$11.6 million in related listing expenses, which resulted in lower profits over the period. The Group also incurred additional listing expenses during 2019 and the remainder of 2020. The Group did not incur listing expenses during the first half of 2021.

The Adjusted Net Loss/Profit, which is unaudited, represents loss/profit attributable to owners of the Company for the period adding back listing expenses (the

**"Adjusted Net Loss/Profit"**). The Adjusted Net Loss of the Group for the first half of 2021 was HK\$11.3 million vs an Adjusted Net Profit of the Group of HK\$24.4 million for the corresponding period in 2020. Non-HKFRS Adjusted Loss per share was 2.82 HK cents per share in the first half of 2021 vs Adjusted Earnings of 8.12 HK cents per share for the corresponding period in 2020. The Adjusted Loss/Profit Per Share is unaudited and represents Adjusted Net Loss/Profit divided by the total number of ordinary shares in issue (the **"Adjusted Loss/Earnings Per Share"**).

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

## Assets under management

The Group reports its assets under management in US dollars.<sup>16</sup> US dollars are the base currency of most of the Group's fund vehicles and managed accounts. The Group had \$1,568 million in assets under management as of 30 June 2021. This compares to \$1,357 million in assets under management as of 30 June 2020, representing an increase of 16%. Assets under

management were little changed relative to the end of 2020: assets under management were \$1,585 million as of 31 December 2020 and \$1,568 million as of 30 June 2021, a difference of 1%. The change relative to the end of 2020 was driven by negative investment performance, offset by positive net inflows. The increase relative to the end of the first half of 2020 was driven

by positive net inflows.

As of 30 June 2021, the Group had \$817 million in assets under management in fund vehicles and \$751 million in managed accounts. This compares to \$849 million in assets under management in fund vehicles and \$508 million in managed accounts as of 30 June 2020.

16. 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

# Management discussion and analysis

## Business development activities

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

During the first half of 2021, the team has been actively engaged with investors and prospects through webinars and on a one-on-one basis. This included holding a webinar for the True Partner Fund, which provided an opportunity to highlight the fund's positive performance in 2020 and to explain the more challenging start to 2021. Working in conjunction with IAM, with whom the Group has a partnership for the UCITS fund product for which we are sub-investment manager, we have also held webinars for UCITS investors.

In addition, we have been engaged with investors and prospective investors through third party events. The co-CIO of the True Partner Fund, Tobias Hekster, gave an interview to Context 365, a digital capital introductions service developed by the creators of the Context Summits, a leading alternative investments conference. Mr. Hekster was also a panellist at the Volatility Perspectives event organised by Bank of America. The team also presented at

the Morgan Stanley European Hedge Fund Forum.

The Group also continued to engage with investors and prospects via newsletters and other pieces. We have also been actively engaged with our capital introduction partners over the period.

Amid a challenging environment for traditional due diligence processes, which typically involve in person, onsite activity, and an environment where investors have had a lot of areas on which to focus, we have been pleased with the way the Group has been able to adapt to remain highly engaged with investors and prospects.

During the first half of 2021, the Group has also been working on the expansion of its operations in Europe and Asia. This has included working through the process of obtaining an investment firm license from the AFM in the Netherlands. As part of this expansion we have been pleased to welcome three new senior experienced professionals to the Group, including a new global CFO, a new Managing Director with substantial experience in senior executive operational management roles, and a new Manager of Risk and Compliance in our Amsterdam office who has substantial experience in derivatives markets.

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

The Group believes that its proprietary

technology remains a significant source of our advantage in markets and continues to invest in this area. We are actively exploring opportunities to deploy and further enhance our technology infrastructure together with our investment expertise in order to further expand our business activities.

17. Sources: University of Michigan Survey: Expected Change in Prices During the Next 5-10 Years, Bloomberg. Bond returns comment based on returns for the Bloomberg Barclays US Treasury Total Return Index.

18. Source: Bloomberg

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

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

## Market outlook

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

We continue to believe that one important focus for many investors over the coming quarters will be the search for properly diversifying assets. 2020 has highlighted once again the potential for tail risks to quickly emerge and have major impacts on markets. The first half of 2021 has also seen a shift in some investors' perceptions of fixed income markets. In the first quarter, US government bonds experienced their worst quarterly return since 1980 and surveys of long-term expected inflation rose to levels not seen since 2015.<sup>17</sup> Bonds then rallied in the second quarter, despite rising inflation (US CPI inflation was 5.4% year-on-year for the 12 months to 30 June 2021). This has left real yields at very low levels relative to history: US 10 year real yields, as reflected in the price of US Treasury Inflation Protected Securities (TIPS) were at -0.88% as of 30 June 2021, vs. -0.26% at the end of Q1 2020, in the midst of the first wave of the Covid-19 pandemic.<sup>18</sup>

As we noted at the end of 2020 and at the end of the first quarter, with government bonds typically being

utilised as the "safer" portion of many traditional portfolios, this raises challenges for asset allocation. If government bond yields rise to levels closer to their long-run averages, this could result in losses for bond portfolios. This could make equities look less attractive on a relative basis, particularly stocks whose valuations are most dependent on growth many years from now. This could in turn challenge equity markets.

equities and bonds had suffered losses at the same time. Most notably, this occurred from 10<sup>th</sup> to 18<sup>th</sup> March 2020, when an ETF investing in long-term US Treasuries fell -15.7% while the S&P 500 fell -12.7%.<sup>19</sup> The first half of 2021 is another example of this shift. While there have been periods where equities have been negatively correlated to bonds, in each of late January, late February/early March and mid-May equities and bonds sold off together.<sup>20</sup>



*The Eendracht and a Fleet of Dutch Men-of-war, Ludolf Bakhuysen, 1670*

In the Group's annual report for 2020 we observed that over the period of 1980 to 2020, many investors have become accustomed to a negative correlation between equities and bonds during periods of equity sell-offs. We highlighted that the negative correlation between equities and bonds had been less reliable during the equity drawdown seen during the first half of 2020, with periods where

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

## Management discussion and analysis

The rise in bond yields in the first half of 2021 also increases the discount rate applied to projected earnings many years away. During the first quarter, when bond yields rose significantly, the MSCI World Growth Index was close to flat despite the overall strong equity market environment. When bond yields fell in the second quarter, the MSCI World Growth Index saw strong performance. A more meaningful and persistent change in discount rates could be a potential risk factor for some parts of the equity markets.

At the end of the first half, equity valuations were at elevated levels relative to those seen over the last 15 years. Forward-estimates for economic growth and earnings reflect optimism about the economic recovery and reduction in Covid-19 related restrictions on activity. While we are glad to be seeing significant progress in the fight against Covid-19 in countries such as the US, the pandemic continues to be challenging in many parts of the world. The emergence of new, more contagious variants, renewed restrictions of activity in some places and signs of plateauing in vaccination levels in some countries where vaccination availability is high could yet be a warning that Covid-19 will remain an ongoing public health challenge.

The US economy is expected to have seen strong economic growth in the first half of 2021. Economic growth in the Euro area was negative in the first quarter but is expected to have been positive in the second quarter and for the first half overall. The economic recovery is leading to increased demand for certain inputs, which is already resulting in signs of rising inflation. While central banks generally appear to expect the rise in inflation to be transient, signs of more persistent inflation could result in the need for a policy re-think, and/or pressures on corporate profit margins.

In addition, with monetary and fiscal policy stimulus already very high, there is arguably limited room for further major boosts from these areas. As a result, any material disappointments in the pace of re-opening, or the recovery of economic activity have the potential to lead to more challenging times for equity markets.

Within volatility markets, the decline in implied volatility during the first half of 2021 has left implied volatilities below long-term averages across many of the key markets we trade as of the end of the first half.<sup>21</sup> Some measures of implied volatility were at well below average levels. For example, S&P 500 1 week at-the-

money implied volatility was at 7.4% at the end of the first half, compared to a long-term average of 16.7%.<sup>22</sup> While levels of implied volatility are not necessarily directly indicative of the short-term opportunity set, low levels of implied volatility can potentially indicate some complacency in markets, which can lead to larger market reactions should unexpected events occur.

Of course, timing markets is difficult, and unusual valuations can sometimes persist for long periods. Our investment approach is absolute return, and we aim to profit in a range of market environments. Nevertheless, we believe that the current environment represents an opportunity for investors to consider their portfolio construction approach and long-term asset allocation. Alternative diversifiers including hedge funds and strategies such as volatility trading could be beneficiaries of this. Our relative value volatility strategy has historically generated positive long-term absolute returns with a negative correlation to equity markets. Should we see a shift away from bonds and towards alternative diversifiers such as hedge funds, our products could be well placed to benefit from increased investor demand for this kind of exposure.

21. Based on 30-day implied volatility. Long-term average based on 1 Jan 2006 to 30 Jun 2021. Sources: True Partner, Bloomberg

22. Sources: True Partner, Bloomberg. Long-term average based on 1 Jan 2006 to 30 Jun 2021.

## Use of proceeds from the listing

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

the Company were approximately HK\$104 million (after deduction of underwriting fees and listing expenses). The Company intends to apply the net proceeds in the manner as stated in the prospectus of the Company dated 30 September 2020 (the “Prospectus”). During the period from the Listing Date to 30 June 2021, the net proceeds had been utilised as follows:

	Actual net proceeds from the Listing HK\$'000	Actual amount utilised up to 30 June 2021 HK\$'000	Balance as at 30 June 2021 HK\$'000	Expected timeline for utilising the remaining unused net proceeds (Note)
<b>Expansion of our operations:</b>				
in Hong Kong	26,403	–	26,403	By 30 June 2023
in Amsterdam, Netherlands	20,610	2,369	18,241	By 30 June 2023
in London, United Kingdom	10,711	–	10,711	By 30 June 2023
in Chicago, U.S.	8,216	–	8,216	By 30 June 2023
Expansion through investment firm license from the AFM	5,403	1,058	4,345	By 30 June 2023
Enhancement of our IT systems	22,302	2,060	20,242	By 30 June 2023
Sales and marketing	2,745	61	2,684	By 30 June 2023
Investing in funds managed by the Group	7,610	–	7,610	By 30 June 2023
<b>Total</b>	<b>104,000</b>	<b>5,548</b>	<b>98,452</b>	

### Note:

From the Listing Date to 30 June 2021, the Group utilised approximately HK\$5,548,000 of net proceeds, which was lower than the planned use of proceeds of HK\$18,164,000 by approximately HK\$12,616,000.

## Management discussion and analysis

For the expansion in Hong Kong, Amsterdam, London, and Chicago, 6 new personnel responsible for compliance, risk management, accounting, trading, and IT were hired. The Group has taken active steps to bolster the size of our team and interviewed more than 20 candidates who would be deployed for investor relations, portfolio management, compliance, IT and market research respectively as planned in the Prospectus, however, due to the qualification of candidates and the impact of COVID-19, the hiring progress was delayed. The increase in our headcount is still a part of the Group's business expansion.

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

For the enhancement of our IT system and the sales and marketing progress is largely on course. Please refer to

the "Business development activities" and "Technology developments" sections of Management discussion and analysis for improvement and achievement the Group have made. The impact of COVID-19 and continued social distancing policies has had an impact on these plans, resulting in the actual utilized amount being less than the planned scheduled amount in the Prospectus.

For the Investing in funds managed by the Group, the investment projects remain underway and are set to be launched as more favourable market sentiment emerges. The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry, and will be subject to change based on current and future development of market conditions. The Board considers that the development direction of the Group remains unchanged. The Group expects to use the remaining net proceeds as originally planned.



*The Meagre Company, Amsterdam, Frans Hals, 1637*

## Financial review

### Revenue

During the Reporting Period, revenue of the Group amounted to HK\$29.3 million, representing a decrease of HK\$43.8 million, or approximately 60% as compared with HK\$73.1 million for the corresponding period of 2020. The decrease was primarily due to decrease performance fees from its funds/managed accounts.

### Gross profit and gross profit margin

Gross profit of the Group for the Reporting Period was HK\$26 million, representing a decrease of HK\$41.7 million or 62% from HK\$67.8 million for first half of 2020. The decrease was primarily driven by a decrease in performance fee.

### General and administrative expenses

General and administrative expense of the Group for the Reporting Period amounted to HK\$34.1 million, representing a decrease of HK\$2.7 million or approximately 7% from HK\$36.8 million over the corresponding period of 2020. This was primarily due to decreased remuneration cost. Performance based incentives are a common feature of hedge fund business models and the decline in remuneration costs was primarily a result of a reduction in bonus when compared to the first half of 2020.

### Gain on dilution of interest in an associate

The amount represents the dilution gain on the Group's investment in the associated company: Holland & Muh Investment Management Co., Ltd. ("**Holland & Muh**"). As at 26 March 2021, Holland & Muh issued and registered new shares to certain investors, the new capital was increased on 13 April 2021. Consequently, the Group's interest in

Holland & Muh was diluted from 30% to 24.896%. The difference between (1) the decrease in the carrying value of the Group's interest in Holland & Muh resulting from the decrease in shareholding; and (2) the Group's share of the proceeds received for the new shares issued resulted in a dilution gain of HK\$90,256 and was recognised in the consolidated statement of profit or loss for the six months ended 30 June 2021.

The Group is able to exercise significant influence over Holland & Muh because after the dilution, the Company appointed one director out of three directors in Holland & Muh.

### Share of results of associates

Share of results of associates represents operating losses arising from principal business activities of two associates - Capital True Partner Technology Co., Ltd. and Holland & Muh For the Reporting Period, share of loss of associate of the Group amounted to approximately HK\$117,000, representing an increased loss of HK\$66,000 or approximately increased loss of 129% for the corresponding period of 2020. This was primarily due to the worse business activity performance of the 2 associates impacted by less favorable market conditions.

### Finance costs

Finance costs mainly represent interest expense on lease liabilities. For the Reporting Period, finance cost of the Group amounted to approximately HK\$45,000, representing a decrease of HK\$24,000 or approximately decrease of 35% for the corresponding period of 2020. This was primarily due to interest expense.

### Principal risks and uncertainties facing the Group

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

#### Foreign Exchange Risk

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

#### Credit Risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount

of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the Directors closely monitor the overall level of credit exposure, and the management is responsible for the determination of credit approvals and monitoring the implementation of the debt collection procedure to ensure that follow-up action is taken to recover overdue debts.

#### Liquidity, current ration and capital structure

Fee income is the Group's main source of income, while other income sources include interest income generated from bank deposits. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flow. As at 30 June 2021, the Group's balance sheet and cash flow positions remained stable, with a net cash balance of HK\$187.7 million. Net cash inflows from operating activities amounted to approximately HK\$10 million, while the Group had no corporate bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities. The current ratio (current assets divided by current liabilities) of the group was 14.9 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 2021.

#### Capital structure

As at 30 June 2021, the Group's shareholders' equity and total number of shares issued were HK\$218.7 million and 400 million shares, respectively.

### **Charges on assets**

As at 30 June 2021, the Group did not pledge any assets as collateral for overdrafts or other loan facilities.

### **Segment information**

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

### **Material acquisitions and disposals of subsidiaries and associated companies**

The Group has not made any material investments and acquisitions or disposals of subsidiaries and associated companies during the Reporting Period other than those in its ordinary course of business. Save as disclosed in this interim report, there was no plan for other material investments or additions of capital assets during the Reporting Period.

### **Contingent liabilities**

As at 30 June 2021, the Group did not have any material contingent liabilities or guarantees (as at 31 December 2020: nil).

### **Interim dividends**

The Board does not recommend the payment of an interim dividend for the Reporting Period (for six months ended 30 June 2020: Nil).

### **Human resources management**

As at 30 June 2021, the Group had a total of 28 employees (as at 31 December 2020: 26). Based on the Group's remuneration policy, the employees' remuneration is determined with reference to the experience and qualifications

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

## 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 2021, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7

and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

#### Long Positions in the Shares

Name of Director/ Chief Executive	Capacity / Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Tobias Benjamin Hekster	Beneficial owner	55,609,018	13.91%
Godefriedus Jelte Heijboer	Beneficial owner	55,661,644	13.91%
Ralph Paul Johan van Put <sup>(1)</sup>	Interest in a controlled corporation	58,337,399	14.58%
Roy van Bakel <sup>(2)</sup>	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 2021, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and

8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

### Substantial shareholders' interests and short positions in the shares, underlying shares or debentures of the company

So far as is known to the Directors, as at 30 June 2021, the following persons/entities (other than Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying shares of the Company that would

fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

#### Long position in the Shares

Name of shareholders	Capacity / Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Franca Kurpershoek-Hekster <sup>(1)</sup>	Interest of spouse	55,609,018	13.91%
Wong Rosa Maria <sup>(2)</sup>	Interest of spouse	55,661,644	13.91%
True Partner Participation Limited	Beneficial owner	58,337,399	14.58%
Kung Yun Ching <sup>(3)</sup>	Interest of spouse	58,337,399	14.58%
True Partner International Limited	Beneficial owner	44,808,908	11.20%
Alset EHome International Inc. <sup>(4)</sup>	Interest in a controlled corporation	62,122,908	15.53%
HFE Holdings Limited <sup>(4)</sup>	Interest in a controlled corporation	62,122,908	15.53%
Chan Heng Fai Ambrose <sup>(4)</sup>	Interest in a controlled corporation	62,122,908	15.53%

## More information

### Long position in the Shares (cont'd)

Name of shareholders	Capacity / Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Chan Kong Yoke Keow <sup>(5)</sup>	Interest of spouse	62,122,908	15.53%
Edo Bordoni	Beneficial owner	29,839,153	7.46%
Anne Joy Bordoni <sup>(6)</sup>	Interest of spouse	29,839,153	7.46%
Red Seven Investment Ltd	Beneficial owner	27,686,280	6.92%
Maria Victoria Diaz Basilio <sup>(7)</sup>	Interest of spouse	27,686,280	6.92%
Nardinc Beheer B.V.	Beneficial owner	36,196,000	9.04%
SomethingEls B.V. <sup>(8)</sup>	Interest in a controlled corporation	36,196,000	9.04%
ERMA B.V. <sup>(8)</sup>	Interest in a controlled corporation	36,196,000	9.04%
Dasym Managed Accounts B.V. <sup>(8)</sup>	Investment manager	36,196,000	9.04%
F.J. Botman Holding B.V. <sup>(8)</sup>	Interest in a controlled corporation	36,196,000	9.04%
Franciscus Johannes Botman <sup>(8)</sup>	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 13.91% 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) Ms. Wong Rosa Maria is the spouse of Mr. Godefriedus Jelte Heijboer, an executive Director, and Mr. Godefriedus Jelte Heijboer holds 13.91% in True Partner Capital Holding Limited. By virtue of the SFO, Ms. 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) Ms. 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, Ms. Kung Yun Ching is deemed to be interested in the same number of Shares in which Mr. Ralph Paul Johan Van Put and True Partner Participation Limited are deemed to be interested in under the SFO.
- (4) True Partner International Limited and Global eHealth Limited are wholly owned subsidiaries of Alset EHome International Inc. respectively. Alset EHome International Inc. is 15.57% and 37.48% owned by Mr. Chan Heng Fai Ambrose and HFE Holdings Limited respectively. HFE Holdings Limited is wholly

owned by Mr. Chan Heng Fai Ambrose. True Partner International Limited and Global eHealth Limited holds 11.20% and 4.33% in True Partner Capital Holding Limited respectively. By virtue of the SFO, Mr. Chan Heng Fai Ambrose is deemed to be interested in the Shares held by True Partner International Limited and Global eHealth Limited under the SFO.

- (5) Mrs. Chan Kong Yoke Keow is the spouse of Mr. Chan Heng Fai Ambrose and Mr. Chan Heng Fai Ambrose is deemed to be interested in 15.53% in True Partner Capital Holding Limited per note (4) above. By virtue of the SFO, Mrs. Chan Kong Yoke Keow is deemed to be interested in the same number of Shares in which Mr. Chan Heng Fai Ambrose is deemed to be interested in under the SFO.
- (6) Mrs. Anne Joy Bordoni is the spouse of Mr. Edo Bordoni and Mr. Edo Bordoni holds 7.46% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Anne Joy Bordoni is deemed to be interested in the same number of Shares in which Mr. Edo Bordoni is deemed to be interested in under the SFO.
- (7) Mrs. Maria Victoria Diaz Basilio is the spouse of Mr. Roy van Bakel, an executive Director and Red Seven Investment Ltd is wholly owned by Mr. Roy van Bakel. Red Seven Investment Ltd holds 6.92% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Maria Victoria Diaz Basilio is deemed to be interested in the same number of Shares in which Mr. Roy van Bakel and Red Seven Investment Ltd are deemed to be interested in under the SFO.
- (8) Each of SomethingEls B.V. and ERMA B.V. holds 50% interest in Nardinc Beheer B.V. By virtue of the SFO, SomethingEls B.V. and ERMA B.V. are deemed to be interested in the Shares held by Nardinc Beheer B.V. under the SFO. Dasym Managed Accounts B.V., as investment manager, is 90.1% owned by F.J. Botman Holding B.V. which in turn is wholly owned by Mr. Franciscus Johannes Botman. By virtue of the SFO, Dasym Managed Accounts B.V., F.J. Botman Holding B.V. and Mr. Franciscus Johannes Botman are deemed to be interested in the Shares held by Nardinc Beheer B.V. under the SFO.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other persons/entities (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company

would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

### Change in information of Director

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

Mr. Ming Tak NGAI ceased to serve as a member of the Administrative Appeals Board with effect

from 14 July 2021 upon the expiry of his term.

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

### Share option scheme

#### Pre-IPO Share Option Scheme

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

As at 1 January 2021 and 30 June 2021, 8,997,804 share options remained outstanding. No share option was granted, exercised, lapsed or forfeited during the six months ended 30 June 2021.

#### 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 2020. 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 report.

### 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 2021 and up to the date of this report.

### Interests of the compliance adviser

As notified by Alliance Capital Partners Limited (“**Alliance Capital**”), compliance adviser of the Company, neither Alliance Capital nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Alliance Capital had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 June 2021.

The compliance adviser’s appointment is for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the dispatch of its annual report of

the financial results for the second full financial year commencing after the date of initial listing of the Shares on the GEM (the “**Listing**”), or until the compliance adviser agreement is terminated in accordance with its terms and conditions, whichever is earlier. Pursuant to the compliance adviser agreement, Alliance Capital receives fees for acting as the Company’s compliance adviser.

### Code of corporate governance practices

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

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer 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 A.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 2021.

### **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 2021.

### **Audit committee**

The Company has established an audit committee (the "**Audit Committee**") on 22 September 2020 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and code provision C.3.3 and C.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). 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 interim results announcement and the interim report of the Company for the six months ended 30 June 2021 and is of the opinion that such results and report 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, 13 August 2021

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

*This report will remain on the GEM's website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Listed Company Information" page for a minimum period of seven days from the date of its publication. This report will also be published on the Company's website at [www.truepartnercapital.com](http://www.truepartnercapital.com).*

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

# Report on review of interim financial information to the board of directors of True Partner Capital Holding Limited

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

大信梁學濂(香港)會計師事務所有限公司

# PKF

Accountants &  
business advisers

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

## Introduction

We have reviewed the interim financial information of True Partner Capital Holding Limited and its subsidiaries (together the “**Group**”) set out on pages 35 to 52, which comprises the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 and the related unaudited condensed consolidated statement of profit or loss and other comprehensive income, unaudited condensed consolidated statement of changes in equity and unaudited condensed consolidated statement of cash flows of the Group for the six months then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

## PKF Hong Kong Limited

Certified Public Accountants

Hong Kong

13 August 2021

Hui Lai King

Practising Certificate Number: P03499

# Unaudited condensed consolidated statement of profit or loss and other comprehensive income

True Partner Capital Holding

For the six months and three months ended 30 June 2021

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 2021 (the “**Reporting Period**”) together with the audited comparative figures of the corresponding period in 2020 as set out below:

	Note	Six months ended 30 June		Three months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	29,274	73,087	14,479	23,489
Other income		1	48	–	1
Direct costs		(3,284)	(5,377)	(1,625)	(2,583)
Fair value (loss)/gain on financial assets at fair value through profit or loss		(1,574)	2,408	(488)	16
General and administrative expenses		(34,092)	(36,807)	(18,366)	(14,315)
Listing expenses		–	(11,568)	–	(970)
Finance costs		(45)	(69)	(23)	(32)
Gain on dilution of interest in an associate		90	–	–	–
Share of results of associates		(117)	(51)	(41)	(51)
(Loss)/profit before income tax	5	(9,747)	21,671	(6,064)	5,555
Income tax expense	6	(1,349)	(8,495)	(657)	(3,211)
(Loss)/profit for the period		(11,096)	13,176	(6,721)	2,344
Other comprehensive (loss)/income					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(118)	(64)	4	(54)
Item that will not be reclassified to profit or loss:					
Fair value loss on financial assets designated at fair value through other comprehensive income		–	(1,258)	–	(77)
Other comprehensive (loss)/income		(118)	(1,322)	4	(131)
Total comprehensive (loss)/income for the period		(11,214)	11,854	(6,717)	2,213

# Unaudited condensed consolidated statement of profit or loss and other comprehensive income (cont'd)

For the six months and three months ended 30 June 2021

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss)/profit for the period attributable to:				
Owners of the Company	<b>(11,261)</b>	12,790	<b>(6,797)</b>	2,146
Non-controlling interest	<b>165</b>	386	<b>76</b>	198
	<b>(11,096)</b>	13,176	<b>(6,721)</b>	2,344
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	<b>(11,379)</b>	11,468	<b>(6,793)</b>	2,015
Non-controlling interest	<b>165</b>	386	<b>76</b>	198
	<b>(11,214)</b>	11,854	<b>(6,717)</b>	2,213
(Loss)/earnings per share (HK cents)				
Basic and diluted	<b>(2.82)</b>	4.26	<b>(1.70)</b>	0.72

# Unaudited condensed consolidated statement of financial position

True Partner Capital Holding

As at 30 June 2021

	Note	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
<b>Non-current assets</b>			
Plant and equipment	9	2,455	1,419
Right-of-use assets		1,832	1,970
Intangible assets		136	37
Investments in associates		3,380	3,400
Financial assets at fair value through profit or loss	10	18,138	19,712
Financial assets at fair value through other comprehensive income		2,827	2,827
		<u>28,768</u>	<u>29,365</u>
<b>Current assets</b>			
Accounts receivable	11	8,916	36,199
Other receivables	12	5,612	13,113
Deposits placed with a broker		62	69
Tax recoverable		1,586	1,586
Cash and cash equivalents		187,672	188,589
		<u>203,848</u>	<u>239,556</u>
<b>Current liabilities</b>			
Accruals and other payables	13	5,899	25,315
Financial liabilities at fair value through profit or loss		2	2
Lease liabilities		1,672	1,690
Tax payable		6,127	4,778
		<u>13,700</u>	<u>31,785</u>
<b>Net current assets</b>		<u>190,148</u>	<u>207,771</u>
<b>Total assets less current liabilities</b>		<u>218,916</u>	<u>237,136</u>
<b>Non-current liability</b>			
Lease liabilities		266	433
<b>Net assets</b>		<u>218,650</u>	<u>236,703</u>

# Unaudited condensed consolidated statement of financial position (cont'd)

As at 30 June 2021

	Note	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
<b>Capital and reserves</b>			
Share capital	14	157,074	157,074
Reserves		<u>56,146</u>	<u>74,364</u>
		<b>213,220</b>	231,438
<b>Non-controlling interests</b>		<u>5,430</u>	<u>5,265</u>
		<b>218,650</b>	236,703
<b>Total equity</b>		<u><u>218,650</u></u>	<u><u>236,703</u></u>

# Unaudited condensed consolidated statement of changes in equity

True Partner Capital Holding

As at 30 June 2021

	Reserves										
	Share capital	Share premium	Group reorganisation reserve	Exchange reserve	Fair value reserve (Notes (i))	Capital reserve (Notes (ii))	Share option reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2020 (audited)	2	32,484	1,145	(52)	(2,262)	7,234	-	42,512	81,063	4,658	85,721
Profit for the period	-	-	-	-	-	-	-	12,790	12,790	386	13,176
Other comprehensive loss	-	-	-	(64)	(1,258)	-	-	-	(1,322)	-	(1,322)
Total comprehensive income for the period	-	-	-	(64)	(1,258)	-	-	12,790	11,468	386	11,854
At 30.6.2020 (Audited)	2	32,484	1,145	(116)	(3,520)	7,234	-	55,302	92,531	5,044	97,575
At 1.1.2021 (Audited)	4,000	153,074	1,145	11	(3,173)	7,234	486	68,661	231,438	5,265	236,703
Loss for the period	-	-	-	-	-	-	-	(11,261)	(11,261)	165	(11,096)
Other comprehensive loss	-	-	-	(118)	-	-	-	-	(118)	-	(118)
Total comprehensive loss for the period	-	-	-	(118)	-	-	-	(11,261)	(11,379)	165	(11,214)
Recognition of equity-settled share-based expense	-	-	-	-	-	-	1,161	-	1,161	-	1,161
Dividends recognised as distribution	-	-	-	-	-	-	-	(8,000)	(8,000)	-	(8,000)
At 30.6.2021 (Unaudited)	4,000	153,074	1,145	(107)	(3,173)	7,234	1,647	49,400	213,220	5,430	218,650

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 2021

	<b>Six months ended 30 June</b>	
	<b>2021 HK\$'000 (Unaudited)</b>	<b>2020 HK\$'000 (Audited)</b>
<b>Cash flows from operating activities</b>		
(Loss)/profit before income tax	(9,747)	21,671
Adjustments for:		
Fair value (gain)/loss arising from financial instruments at fair value through profit or loss	1,574	(2,408)
Amortisation of intangible assets	21	12
Depreciation of plant and equipment	625	450
Depreciation of right-of-use assets	913	788
Interest income	(1)	(1)
Interest expense	45	69
Share of results of associates	117	51
Gain on dilution of interest in an associate	(90)	–
Equity-settled share-based payment expense	1,161	–
Operating (loss)/profit before working capital changes	(5,382)	20,632
Changes in working capital:		
Accounts receivables	27,283	(4,554)
Other receivables	7,501	(1,310)
Deposits placed with a broker	7	14
Amount due from an associate	–	471
Payable to a broker	–	(97)
Accruals and other payables	(19,416)	11,540
Cash generated from operations	9,993	26,696
Interest received	1	1
Hong Kong profits tax paid	–	(11,082)
Overseas income tax paid	–	(968)
<b>Net cash generated from operating activities</b>	<b>9,994</b>	<b>14,647</b>
<b>Cash flows from investing activities</b>		
Acquisition of an associate	–	(3,288)
Purchases of plant and equipment	(1,660)	(213)
Purchases of software	(119)	–
<b>Net cash used in investing activities</b>	<b>(1,779)</b>	<b>(3,501)</b>

# Unaudited condensed consolidated statement of cash flows (cont'd)

True Partner Capital Holding

For the six months ended 30 June 2021

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(Audited)</b>
<b>Cash flows from financing activities</b>		
Principal element of lease rentals payment	(962)	(804)
Interest element of lease rentals payment	(45)	(68)
2020 Final dividend paid	(8,000)	–
Interest paid	–	(1)
<b>Net cash used in financing activities</b>	<b>(9,007)</b>	<b>(873)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(792)</b>	<b>10,273</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>188,589</b>	<b>69,765</b>
<b>Effect of foreign exchange rate changes</b>	<b>(125)</b>	<b>(64)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>187,672</b>	<b>79,974</b>
<b>Analysis of the balance of cash and cash equivalents</b>		
Cash at bank	<b>187,672</b>	<b>79,974</b>

# Notes to the interim condensed consolidated financial statements

## 1. Corporate information

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

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

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

## 2. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 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 2020.

The accounting policies adopted in preparing the condensed consolidated financial statements are consistent with those applied in the consolidated financial statements of the Group for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021. The adoption of the new standards and amendments does not have a material impact on the accounting policies of the Group, and the amounts reported for the current interim period and prior interim periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

The condensed consolidated financial statements for the six months ended 30 June 2021 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 2021 and 2020, is as follows:

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2021 HK\$'000 (Unaudited)</b>	<b>2020 HK\$'000 (Audited)</b>	<b>2021 HK\$'000 (Unaudited)</b>	<b>2020 HK\$'000 (Unaudited)</b>
Hong Kong	<b>20,206</b>	56,252	<b>10,163</b>	15,568
Chicago	<b>9,068</b>	16,835	<b>4,316</b>	7,921
	<b>29,274</b>	73,087	<b>14,479</b>	23,489

#### (b) Information about major customers

For the six and three months ended 30 June 2021 and 2020, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows:

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2021 HK\$'000 (Unaudited)</b>	<b>2020 HK\$'000 (Audited)</b>	<b>2021 HK\$'000 (Unaudited)</b>	<b>2020 HK\$'000 (Unaudited)</b>
Customer A	<b>13,638</b>	45,859	<b>6,745</b>	8,470
Customer B	<b>NA<sup>(1)</sup></b>	NA <sup>(1)</sup>	<b>NA<sup>(1)</sup></b>	4,173
Customer C	<b>9,068</b>	11,257	<b>4,316</b>	7,922
Customer D	<b>3,976</b>	NA <sup>(1)</sup>	<b>1,920</b>	2,408

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

## Notes to the interim condensed consolidated financial statements (cont'd)

### 4. Revenue

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

#### Revenue

	<i>Six months ended 30 June</i>		<i>Three months ended 30 June</i>	
	<b>2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>2020</i> <i>HK\$'000</i> <i>(Audited)</i>	<b>2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>2020</i> <i>HK\$'000</i> <i>(Unaudited)</i>
<b>Revenue from funds and managed accounts</b>				
Management fee income	<b>28,893</b>	29,428	<b>14,098</b>	15,189
Performance fee income	<b>–</b>	43,143	<b>–</b>	7,784
	<b>28,893</b>	72,571	<b>14,098</b>	22,973
<b>Revenue from consultancy services</b>	<b>381</b>	516	<b>381</b>	516
	<b>29,274</b>	73,087	<b>14,479</b>	23,489

Timing of revenue recognition:

	<i>Six months ended 30 June</i>		<i>Three months ended 30 June</i>	
	<b>2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>2020</i> <i>HK\$'000</i> <i>(Audited)</i>	<b>2021</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>2020</i> <i>HK\$'000</i> <i>(Unaudited)</i>
At a point of time	<b>381</b>	516	<b>381</b>	516
Over time	<b>28,893</b>	72,571	<b>14,098</b>	22,973
	<b>29,274</b>	73,087	<b>14,479</b>	23,489

5. (Loss)/profit before income tax

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(Audited)</b>	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>
(Loss)/profit before income tax is arrived at after charging:				
Amortisation of intangible assets	21	12	14	5
Auditor's remuneration	615	521	308	392
Depreciation of plant and equipment	625	450	354	226
Depreciation of right-of-use assets	913	788	491	394
Employee benefits (including directors' remuneration)				
– Salaries and other benefits	17,904	27,599	9,157	9,836
– Equity-settled share-based payment expense	1,161	–	580	–
– Pension scheme contributions	801	556	336	235
	19,866	28,155	10,073	10,071
Exchange loss	202	–	97	–
Interest expense on lease liabilities	45	68	23	32
Listing expense	–	11,568	–	970
Short-term lease expenses	268	347	114	202

## Notes to the interim condensed consolidated financial statements (cont'd)

### 6. Income tax expense

Income tax expense for the period represents:

	<i>Six months ended 30 June</i>		<i>Three months ended 30 June</i>	
	<i>2021</i> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>2020</i> <i>HK\$'000</i> <i>(Audited)</i>	<i>2021</i> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>2020</i> <i>HK\$'000</i> <i>(Unaudited)</i>
Current tax – Hong Kong Provision for the period	<b>1,349</b>	4,160	<b>657</b>	607
Current tax – United States Provision for the period	<b>–</b>	4,335	<b>–</b>	2,604
	<b>1,349</b>	8,495	<b>657</b>	3,211

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.

During the six months ended 30 June 2021, no share of tax attributable to associates (six months ended 30 June 2020: Nil) was included in the share of results of associates.

### 7. Dividend

During the current interim period, a final dividend of HK\$2 cents per share in respect of the year ended 31 December 2020 was declared to the owners of the Company. The aggregate amount of the final dividend declared amounted to HK\$8,000,000 (six months ended 30 June 2020: Nil) was paid in May 2021.

The Board does not recommend the payment of any dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 8. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit 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 2020: 300,000,000) shares in issue during the period. The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2021 has been determined after adjusting for the capitalisation issue in connection with the listing of the Company on 16 October 2020.

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

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(Audited)</b>	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>
<b>(Loss)/earnings</b>				
(Loss)/profit for the period attributable to the owners of the Company	<b>(11,261)</b>	12,790	<b>(6,797)</b>	2,146
	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Number of shares</b>				
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	<b>400,000,000</b>	300,000,000	<b>400,000,000</b>	300,000,000
Effect of dilution – weighted average number of ordinary shares:				
Share options – Note	–	–	–	–
	<b>400,000,000</b>	300,000,000	<b>400,000,000</b>	300,000,000

Note:

Diluted loss per share for the six and three months ended 30 June 2021 is the same as the basic loss per share as the effect of the conversion of the Company's share options would result in an antidilutive effect on the loss per share (2020: diluted earnings per share for the six months ended 30 June 2020 is the same as the basic earnings per share as there were no potential ordinary shares).

## Notes to the interim condensed consolidated financial statements (cont'd)

### 9. Plant and equipment

During the six months ended 30 June 2021, the Group acquired computer equipment at HK\$1,554,000 (six months ended 30 June 2020: HK\$213,000) and furniture and fixtures at HK\$106,000 (six months ended 30 June 2020: Nil).

### 10. Financial assets at fair value through profit or loss

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
<b>Non-current assets</b>		
At fair value:		
Investment in an unlisted investment fund - Note 10(a)	<b>18,138</b>	<b>19,712</b>

Note:

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

11. Accounts receivable

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
Consultancy service fee receivable	381	939
Management fee receivable	8,535	9,977
Performance fee receivable	–	25,283
	<u>8,916</u>	<u>36,199</u>

Notes:

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

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
Less than 30 days	8,916	36,010
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days but less than 1 year	–	189
	<u>8,916</u>	<u>36,199</u>

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

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
Not past due	8,535	35,260
1 – 30 days	381	750
31 – 60 days	–	–
Over 90 days but less than 1 year	–	189
	<u>8,916</u>	<u>36,199</u>

# Notes to the interim condensed consolidated financial statements (cont'd)

## 12. Other receivables

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
Deposits	1,079	1,086
Other receivables	2,014	8,877
Prepayments	2,519	3,150
	<u>5,612</u>	<u>13,113</u>

## 13. Accruals and other payables

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
Accrued employee benefits	700	15,385
Accrued expenses	3,568	3,439
Other payables	1,631	6,491
	<u>5,899</u>	<u>25,315</u>

## 14. Share capital

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>	<b>Share premium HK\$'000</b>	<b>Total HK\$'000</b>
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each At 31.12.2019, 1.1.2020 and 30.6.2020	<u>1,000,000</u>	<u>10</u>		
<b>At 31.12.2020, 1.1.2021 and 30.6.2021</b>	<b><u>10,000,000,000</u></b>	<b><u>100,000</u></b>		
<b>Issued and fully paid:</b>				
At 31.12.2019, 1.1.2020 and 30.6.2020	<u>218,220</u>	<u>2</u>	<u>32,484</u>	<u>32,486</u>
<b>At 31.12.2020, 1.1.2021 and 30.6.2021</b>	<b><u>400,000,000</u></b>	<b><u>4,000</u></b>	<b><u>153,074</u></b>	<b><u>157,074</u></b>

15. Related party transactions

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

		Note	Six months ended 30 June	
			2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
<i>Name of related parties</i>	<i>Nature of transactions</i>			
True Partner Fund ("TPF")	Management and performance fee income	(ii)	13,368	59,555
True Partner Volatility Fund ("TPVF")	Management and performance fee income	(i), (iii)	2,211	5,538

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 2021 and 2020, included in the management and performance fee income from TPF is an amount of HK\$186,000 and HK\$497,000 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 2021 and 2020, included in the management and performance fee income from TPVF is an amount of approximately HK\$31,000 and HK\$30,000 respectively attributable to the investments in TPVF held by a Director of the Company.

## Notes to the interim condensed consolidated financial statements (cont'd)

### 15. Related party transactions (cont'd)

#### (b) Compensation of key management personnel

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Short-term employee benefits	7,111	6,509
Pension scheme contributions	230	120
	<b>7,341</b>	<b>6,629</b>

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 condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 13 August 2021.