

True Partner  
Capital Holding



**Global Fund  
Management &  
Trading  
Technology**

## Annual Report 2020

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

## Annual Report

The board of directors of the Company (the “**Board**”) is pleased to announce the audited annual results of the Company and its subsidiaries (together as the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”) together with the comparative figures of the corresponding period in 2019 as set out below:

## Selected Financial Highlights

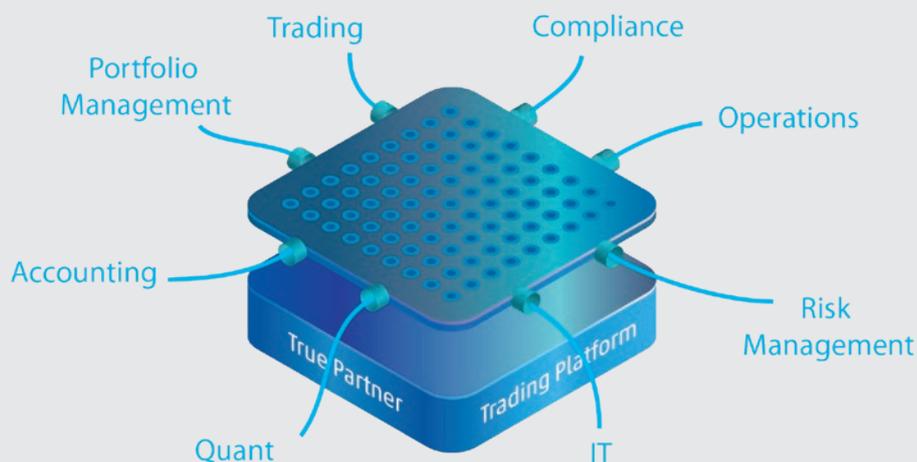
	2020 (HK\$'000)	2019 (HK\$'000)	Percentage Change
<b>Total revenue</b>	<b>132,013</b>	44,478	197
Revenue from fund management business	<b>130,747</b>	43,584	200
Revenue from consultancy services	<b>1,266</b>	894	42
<b>Gross profit</b>	<b>119,777</b>	37,584	219
<b>Operating profit/(loss)</b> <sup>Note 1</sup>	<b>36,838</b>	(19,338)	N/A
<b>Profit/(loss) for the year</b>	<b>26,756</b>	(21,077)	N/A
<b>Profit/(loss) attributable to owners of the Company</b>	<b>26,149</b>	(21,756)	N/A
<b>Total comprehensive income/(loss)</b>	<b>25,908</b>	(22,136)	N/A
<b>Non-HKFRS: adjusted net profit/(loss)</b> <sup>Note 2</sup>	<b>39,243</b>	(14,261)	N/A
<b>Basic and diluted earnings/(loss) per share (HK cents)</b> <sup>Note 3</sup>	<b>8.15</b>	(7.25)	N/A
<b>Non-HKFRS: adjusted earnings/(loss) per share (HK cents)</b> <sup>Note 4</sup>	<b>12.22</b>	(4.75)	N/A

### Notes

- Operating profit/(loss) represents profit/(loss) before income tax adding back fair value gain/(loss) on financial assets at fair value through profit or loss, finance costs and share of results of associates.
- Adjusted net profit/(loss) is unaudited and represents profit/(loss) for the year attributable to owners of the Company 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 year. For further details, please refer to the section headed "Management Discussion and Analysis" below.
- The calculation of the basic earnings/(loss) per share amount is based on the profit for the year attributable to owners of the Company of HK\$26,149,000 (2019: loss of HK\$ 21,756,000), and the weighted average number of ordinary shares of 321,038,251 shares (2019: 300,000,000) in issue during the year, adjusted for the capitalisation issue in connection with the listing of the Company on 16 October 2020. Diluted earnings per share for the year ended 31 December 2020 is the same as the basic earnings per share as there were no dilutive potential ordinary shares (2019: Diluted loss per share for the year ended 31 December 2019 is the same as the basic loss per share as there were no potential ordinary shares).
- Adjusted earnings/(loss) per share is unaudited and represents adjusted net profit divided by the weighted average number of ordinary shares of 321,038,251 (2019: 300,000,000) in issue during the year, adjusted for the capitalisation issue in connection with the listing of the Company on 16 October 2020.

## Selected Business and Financial Highlights

- The year 2020 will be remembered globally for the devastating human toll taken by the Covid-19 pandemic, which claimed almost 2 million lives during the year.
- From an equity markets perspective, the year finished on a perhaps surprisingly positive note, with the MSCI World Total Return Hedged to US Dollars (“**MSCI World**”) finishing the year up +14.3%, a significantly higher return than its long-term average.<sup>1</sup> Equities were boosted by huge stimulus from central banks and governments.
- Our relative value trading strategy generated attractive returns in 2020, resulting in positive performance across our funds and managed accounts.<sup>2</sup> In line with our long-term track record, our returns were highly diversifying to equity returns, demonstrating the potential value of our strategy to existing and potential clients.
- In addition, the Group’s assets under management increased significantly, from US\$1,138 million as of 31 December 2019 to US\$1,585 million as of 31 December 2020, a US\$447 million or 39% increase. Growth in assets under management was driven by positive performance and by net inflows. The growth in assets under management was similar in absolute terms to that during the comparable period in 2019 (growth of +US\$447 million as compared to growth of +US\$503 million).
- The combination of positive investment returns and growth in assets under management led to a significant increase in revenues, profits and earnings per share. Revenues grew from HK\$44.5 million in 2019 to HK\$132 million in 2020, an increase of 197%. The Group saw growth in both management fees and performance fees, reflecting growth in assets under management and strong investment performance during the first half of the year. Performance fees were a substantial contributor to revenue in 2020 as compared to an immaterial impact in 2019.
- The Group’s profit before income tax was HK\$38.1 million in 2020, as compared to a loss of HK\$20.7 million in 2019. The figures in 2020 represent a pre-tax profit margin of 29%. Profit for the year was HK\$26.8 million in 2020, as compared to a loss of HK\$21.1 million in 2019. The figures in 2020 represent a profit margin of 20%. The Group’s comprehensive income was HK\$25.9 million in 2020 as compared to a loss of HK\$22.1 million in 2019. Basic and diluted earnings per share were both 8.15 HK cents in 2020.
- The Group listed on the GEM of the Stock Exchange on 16 October 2020. In connection with the listing, the Group incurred listing expenses during 2020, which management expects to be non-recurring in nature.
- Non-HKFRS adjusted net profit was HK\$39.2 million in 2020, as compared to a loss of HK\$14.3 million in 2019. Non-HKFRS adjusted earnings per share was 12.22 HK cents, as compared to a loss per share of 4.75 HK cents in 2019.
- Adjusted net profit is unaudited and represents profit for the year adding back listing expenses. Adjusted earnings per share is unaudited and represents adjusted net profit divided by the total number of ordinary shares in issue. Adjusted net profit and adjusted earnings per share are not measures of performance under HKFRS, have material limitations as analytical tools, and do not include all items that impact our profit for the relevant year. For further details please refer to the Management Discussion and Analysis below.
- The Board has recommended the payment of a final dividend of HK\$0.02 per share for the year ended 31



December 2020. The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company.

- Amid the challenging backdrop of Covid-19, the Group was able to successfully continue to implement its strategy. The Group benefited from its global presence across Asia, the US and Europe. Members of our team were able to work remotely where required and the Group was able to conduct marketing via virtual channels, benefiting from its existing technology infrastructure.
- After beginning the year with participation in traditional physical events, the Group has successfully pivoted to a digital marketing strategy during 2020. Over the year, the Group has participated in several prestigious conferences, enabling it to continue to interact with potential investors across the world. The Group has also successfully developed its own series of webinars to provide regular updates to investors, which have

attracted a global audience, as well as producing thematic pieces. While sales and marketing activities have continued, some related costs declined as compared to 2019 as overseas travel of relevant staff has been reduced.

- The Group agreed a partnership with Nanhua Futures, the first listed Futures Company on the Shanghai Stock Exchange, at the start of the year. The associate, Holland & Muh Investment Management Co., Ltd. (“**Holland & Muh**”) is a PRC company licensed with the Asset Management Association of China (“**AMAC**”) as a privately-raised securities fund manager. Holland & Muh intends to initially act as an adviser to fund management companies and, at a later stage, to be involved in structuring new asset management products for specific clients. The transaction was agreed on 31 December 2019 and took effect on 1 January 2020. For additional details please refer to the Company’s prospectus dated 30 September 2020 (the “**Prospectus**”).

1. This is particularly the case when comparing 2020 returns in excess of the risk-free rate (e.g. US 3-month Treasury Bills) to longer-term returns on the same metric (Sources: True Partner, Bloomberg)

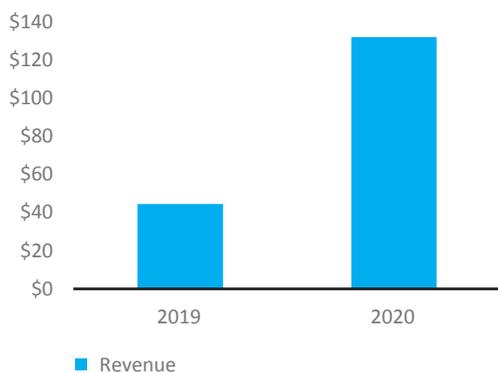
2. This material is not in any way intended to solicit investment in our fund products or managed accounts. Our fund products and managed accounts are only available to appropriately qualified investors and are not marketed in certain jurisdictions. The performance of certain fund products the Group 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.

# Results

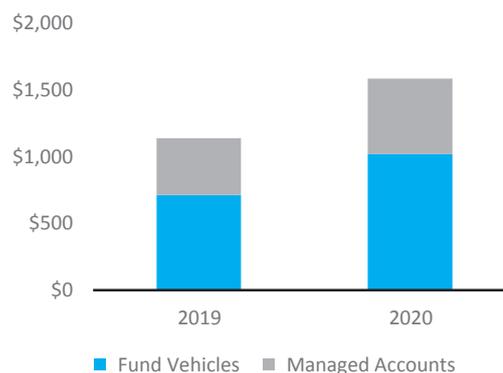
## Selected Financial Highlights

(in HK\$ millions as of 31 December unless stated)

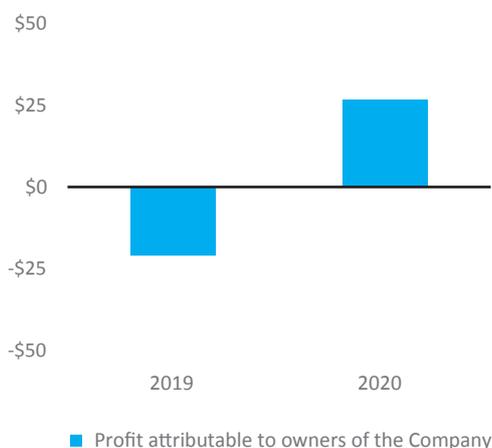
### Revenues



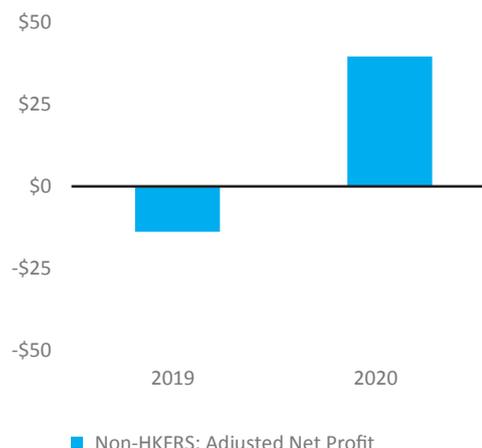
### Assets under management ("AUM") (US\$ millions) <sup>3</sup>



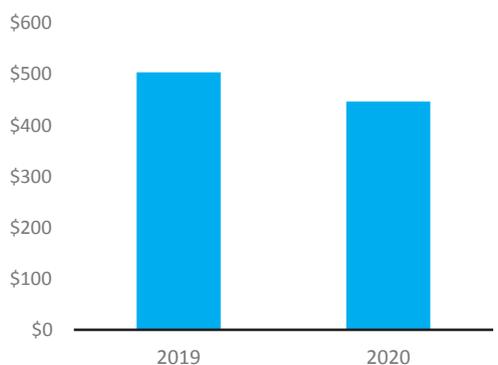
### Profit



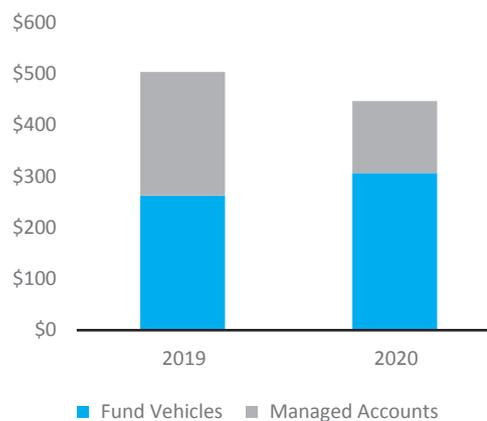
### Non-HKFRS: Adjusted Net Profit <sup>4</sup>



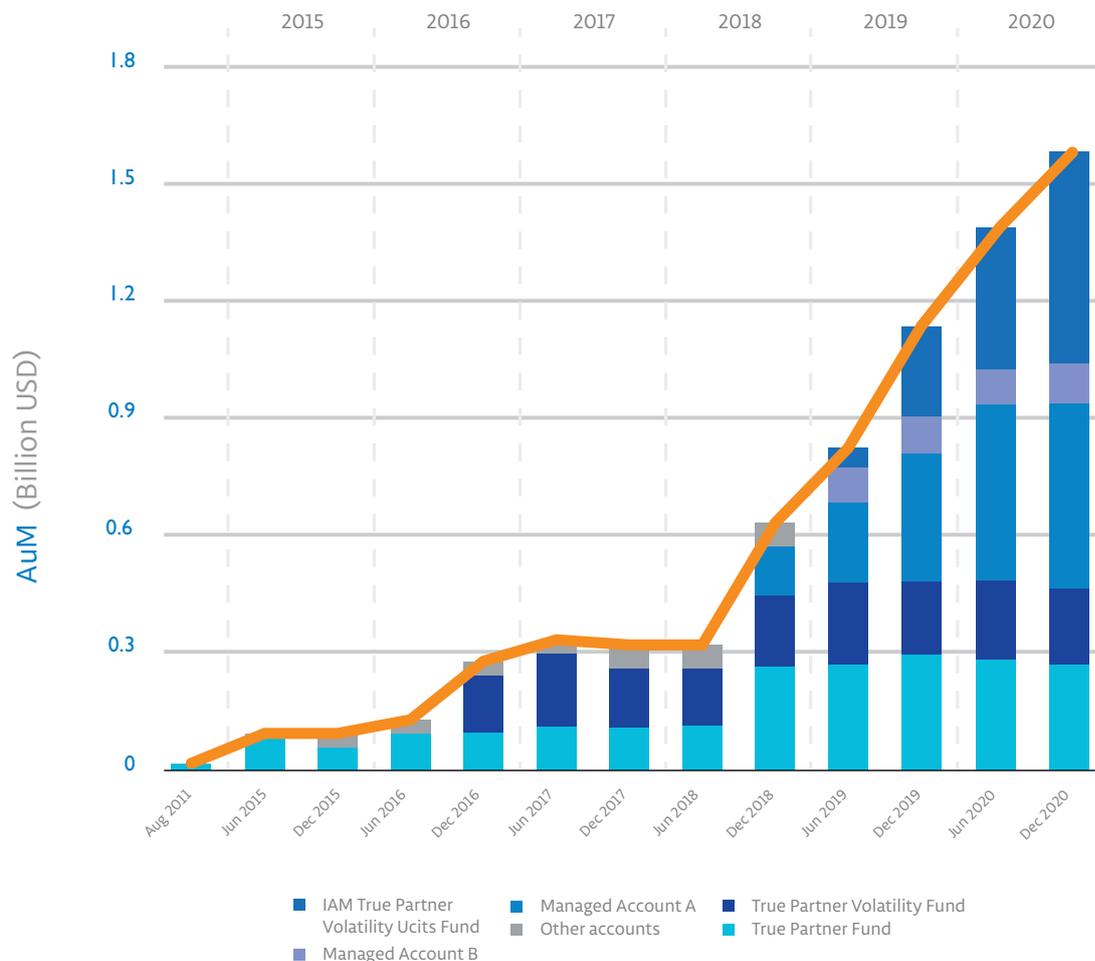
### Growth in AUM (US\$ millions)



### Sources of AUM Growth (US\$ millions) <sup>2</sup>



Earnings power and operating leverage



3. 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 31 December 2019 and as of 31 December 2020 the Group's managed accounts deploy the Group's relative value trading strategy.

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

## Chairman's Letter

2020 was a milestone year for True Partner Capital Holding, as we marked the 10<sup>th</sup> anniversary of our firm.<sup>5</sup> Over the decade we are proud to have been able to generate strong and diversifying investment returns for our clients and to have grown our firm from our beginnings in Hong Kong to be a thriving global asset management company with operations in each of Asia, the US and Europe. We continued this pattern in 2020, delivering strong investment performance and substantial growth in our assets under management.

The year was sadly also marked by global tragedy, as the Covid-19 pandemic claimed almost two million lives and impacted the lives of many, many more through ill health and restrictions on activity. While it has been an eventful year for those of us focused on financial markets, I would like to take a moment to recognise the true heroes of 2020, those health professionals, scientific researchers and other public servants globally whose hard work and dedication have helped millions upon millions of people worldwide through this challenging period.

As Chairman, together with my fellow Board members, I have been proud to see the adaptiveness and dedication shown by our team globally as events resulted in shifts to working from home at times and a move to virtual marketing. Our years of investments in our technology infrastructure enabled us to quickly adapt to the changing environment as guidance shifted in different jurisdictions. Throughout, our team remained focused on our clients and on delivering strong investment performance.

From an investment perspective it has been a somewhat turbulent year in financial markets with both bear and bull markets. It has also been marked by political and health driven news in different countries that has had both positive and negative impacts on markets at different times, requiring careful navigation. Together with my fellow Board members, I am grateful for the focus, skill and dedication of our portfolio management team this year. The Group has been able to deliver strong investment

returns for our clients across the various fund products and accounts we manage or advise while remaining strongly diversifying to equity markets, delivering what we believe to be a valuable investment outcome to our clients.

From a corporate perspective we were pleased to successfully list our firm on the GEM of the Stock Exchange in October as planned. We are grateful for the guidance and support of our professional advisors through this period, particularly our sole sponsor Alliance Capital Partners Limited. I would like to extend my personal thanks to Mr. David Tsang and his team for their hard work and focus during this process. I wish to also express my appreciation to my fellow Board members for their valuable advice and service to our shareholders during the year.

From a financial perspective we have also seen another year of strong growth in our assets under management, with organic growth from positive performance and strong net sales. The Group had growth in both funds and managed accounts and in both the first half and the second half of the year despite very different market backdrops in each period. This combination of strong investment performance and strong sales performance has resulted in a significant increase in revenue, from HK\$44.5 million in 2019 to HK\$132 million in 2020, representing an increase of 197%.

The Group saw growth in both management fees and performance fees, reflecting growth in assets under management and strong investment performance during the first half of the year. Performance fees were a substantial contributor to revenue growth and had a substantial impact on overall profitability. The Group's profit before income tax was HK\$38.1 million in 2020, as compared to a loss of HK\$20.7 million in 2019. In connection with the listing in October 2020, the Group incurred listing expenses during the year, which we expect to be non-recurring in nature. Non-HKFRS Adjusted Net Profit was HK\$39.2 million in 2020, as compared to a loss of HK\$14.3 million in 2019. Non-HKFRS Adjusted Earnings

5. The Group's original asset management entity, True Partner Advisor Hong Kong Limited, was established in 2010 and obtained a licence from the SFC to carry on type 9 (asset management) regulated activity in the same year. As detailed in the Prospectus, True Partner Advisor Hong Kong Limited is now majority owned by True Partner Advisor Limited, which is wholly owned by True Partner Holding Limited.

Per Share were 12.22 HK cents in 2020, as compared to a loss per share of 4.75 HK cents in 2019. As discussed above, Adjusted Net Profit is unaudited and represents profit for the year adding back listing expenses. Adjusted Earnings Per Share is unaudited and represents Adjusted Net Profit divided by the weighted average number of ordinary shares in issue during the year. Adjusted Net Profit and Adjusted Earnings Per Share are not measures of performance under HKFRS, have material limitations as analytical tools, and do not include all items that impact our profit for the relevant year. For further details please refer to the Management Discussion and Analysis below. The Board believe that the strong financial performance seen during 2020 illustrates the potential power of our business model.

The Board has recommended the payment of a final dividend of HK\$0.02 per share for the year ended 31 December 2020. The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company.

Alongside our strong investment and financial performance, we have been busy progressing with the

projects outlined in our Prospectus under the Use of Proceeds, working on the expansion of our business globally. This has included work to grow our firm through our plan to obtain an investment firm license from the Authority Financial Market (“AFM”) in the Netherlands, expansion of our operations in Hong Kong, sales and marketing and other projects as outlined in the Prospectus.

As part of our growth plans, in January 2021 we were pleased to welcome three new senior experienced professionals to the True Partner family, including our 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.

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

Ralph Paul Johan van Put  
Chairman and Chief Executive Officer  
Hong Kong, 30 March 2021



# 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 Group manages funds and managed accounts on a discretionary basis using a global relative value volatility 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)

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\$1,585 million as of 31 December 2020 and we currently manage or advise on both fund products and managed accounts.<sup>6</sup> Our longest running fund product was launched in July 2011 and was later restructured into a master-feeder structure to facilitate investments

fund product for which a subsidiary of the Group is the sub-investment manager and IAM is the investment manager. IAM was founded in 1989 and is one of the oldest independent asset management firms specializing in hedge funds and alternative UCITS investments. Assets under management relating to these fund products are grouped together as "fund vehicles" above and below. In addition to funds launched by us or co-branded with us, we also enter into investment management mandates with third parties who allocate a sub-fund of their umbrella fund or a portion of their assets to be managed by us. While such arrangements may have different underlying structures in accordance with client preferences, for simplicity we group assets under management relating to these mandates under "managed accounts" above and below.

As of 31 December 2020, our AUM comprised of US\$1,019 million in fund products (including funds where the Group is a sub-investment manager) and US\$566 million in managed accounts or similar arrangements. We work with professional investors from across the world and the investors in funds and managed accounts that we manage or advise include collective investment undertakings, family offices, pension funds, endowments/foundations, financial institutions and high net worth individuals.

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

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



6. 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.

## Market Environment

The year was dominated by news regarding the Covid-19 pandemic, which tragically claimed almost two million lives over the year, a toll which has sadly continued to rise in 2021. The IMF estimates that real global GDP fell by 3.5% in 2020, with larger falls in Europe and Japan. China was the only major economy estimated to register positive growth, at 2.3%.<sup>7</sup>

Despite the terrible toll of the pandemic and associated hit to growth, over the full year of 2020 equities have produced unusually strong returns. The MSCI World finished the year up +14.3% and there were even stronger gains for US markets, with the S&P 500 Total Return up +18.4%. There was dispersion across markets, with the Kospi 200 Total Return up +34.9% and the Nasdaq 100 Total Return up +48.9%, while the EuroStoxx 50 Total Return was down -3.2% and the Hang Seng Total Return was close to flat (-0.5%). The Nikkei 225 finished up +18.3%, a similar return to the S&P 500. Over the course of the year the MSCI World P/E Ratio rose from 21x to 33x while the forward P/E rose from 17x to 20x.

While for the full year equities registered an above average return,<sup>8</sup> this masks a sharp drawdown during the first quarter of 2020, as markets worried about the consequences of the global spread of Covid-19. After hitting new all-time highs in mid-February, the MSCI World subsequently fell 33% from the close on 19 February 2020 to the close on 23 March 2020. Faced with a deadly pandemic, governments sought to reduce human interaction and thus slow the spread of disease and significant restrictions on travel and economic activity were imposed. Reflecting the globalised economy, even countries with little domestic impact from Covid-19 saw significant knock-on economic impacts from the reduction in activity in major consuming countries such as the US. Central banks and governments responded to the market falls and pandemic with huge stimulus measures, surpassing the response to the 2008 financial crisis. Markets quickly stabilised and the MSCI World recovered its pre-pandemic high in August.

Over the full year, interest rates fell. The US Federal Reserve rapidly cut its Federal Funds Target Rate in March from 1.50-1.75% to 0.00-0.25%, and the target remained there at the end of 2020. The Fed also announced a range of other support programs including large asset purchases. Several other central banks also eased policy through rate cuts and/or large asset purchases of government bonds and other assets. Over the full year bond yields fell, with the US 10-year yield falling from 1.92% to 0.91%, an all-time low in its year-end level. In Europe, the German 10-year yield fell further into negative territory, falling from -0.19% at the end of 2019 to -0.57% at the end of 2020. In Japan, 10-year yields were little changed year on year, remaining around zero.

It is of note that government bonds were in aggregate not a diversifier during the equity drawdown: the Bloomberg Barclays Global Government Bond Index was up for the full year but close to flat during the MSCI World drawdown from 19 February to 23 March (+0.97% hedged to USD, down -1.13% unhedged in USD terms). We believe this lack of diversification from bonds could presage changes in how investors perceive bonds, potentially opening up opportunities for other assets and investment strategies to take on this portfolio role.

The VIX index, a widely followed measure of implied volatility on US equities, rose from 13.8 at the end of 2019 to 22.8 at the end of 2020, just below its level at the end of 2018 (25.4). Some other markets saw less change. In Japan, the Nikkei Stock Average Volatility Index rose from 14.8 to 19.9 year on year, remaining well below its end 2018 level (29.3). The returns from directional volatility strategies were varied. A popular VIX Exchange Traded Note (“**ETN**”), the iPath S&P 500 VIX Short-Term Futures ETN, was up +11.0% in 2020 after falling -67.8% in 2019.

Again, the year-on-year changes hide significant variation during the year. The VIX Index peaked at 83 in mid-March, while the Nikkei Stock Average Volatility Index hit 61 and the Kospi 200 Volatility Index hit 69. The rapid changes

<sup>7</sup> IMF World Economic Outlook Update, January 26, 2021 (<https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>)

<sup>8</sup> This is particularly the case when comparing 2020 returns in excess of the risk-free rate (e.g. US 3-month Treasury bills) to longer-term returns on the same metric (Sources: True Partner, Bloomberg)

## Management discussion and analysis

in equity indices and related volatility products created opportunities for the Group's volatility trading strategies, and the first quarter saw strong gains for the Group's fund products and managed accounts. At a time when the MSCI World and many traditional long biased investments had significant losses, we were pleased to be able to provide strong diversification benefits for our investors and again demonstrate the portfolio benefits we believe that our strategies can offer.

2020 has again been a reminder that tail events may be infrequent, but they do occur, and can have big effects. However, timing them is the tricky part. The bull market years before 2008 were full of warnings about the rapid expansion in credit and risks in the housing market, while the excesses of the dotcom bubble were also widely commented on. And even the Covid-19 pandemic did not come fully out of leftfield. While the last truly global pandemic was outside of living memory for most, it was not an unknown risk. Indeed, in September 2019 the World Health Organisation published a major report, warning of the kind of tragic scenario which came to fore.<sup>9</sup> There are always a plethora of risks to worry about and markets often seem to ignore them. But frequently enough to matter, some of these risks grow and become too big to ignore. Preparedness can yield big gains.

From a market perspective, tail events are never the same but they surely often rhyme, with common risk-off reactions including a flight to "safe", liquid assets, a reduction in notional exposures (as the perceived risk exposure rises), an increase in the liquidity premium as well as risk premia in general, rising correlations and last but not least significantly higher volatility. Reliance on



risk models that focus on short-term measures of risk, or which allow low probability tails to remain unhedged (or even unacknowledged), can lead investors to have to make large adjustments in positions in short spaces of time just when markets are already moving in unusual ways. These were all seen again in Q1.

While things moved quickly, moves were not instantaneous. As in previous tail events, when people start (or cease) to transact on the basis of the new information, this can result in significant position shifts and perceptions of fair value and risk. Market microstructure and positioning become important factors, and significant moves can occur. Markets initially traded Covid-19 as a series of somewhat independent local events, but the interconnected nature of global supply chains and investors meant it then had a global impact that was more about capital market and supply linkages than the severity of cases in the domestic market. Time lags in reactions created trading opportunities.

9. "A World at Risk: annual report on global preparedness for health emergencies", World Health Organisation Global Preparedness Monitoring Board, September 2019 [https://apps.who.int/gpmb/assets/annual\\_report/GPMB\\_Annual\\_Report\\_English.pdf](https://apps.who.int/gpmb/assets/annual_report/GPMB_Annual_Report_English.pdf). The report warns of the theoretical risks of "high-impact respiratory pathogens... spread by respiratory droplets... and which can move rapidly across multiple geographies"

## Investment Performance

In a market environment of rapid changes, we were pleased with the way our strategies adjusted risk to dynamically take advantage of opportunities and increase and reduce risk at different points. Our fund products and managed accounts produced strong positive returns in the first quarter in particular, while the MSCI World was down -19.8%. The True Partner Fund, our longest running strategy, was up +13.3%, while the True Partner Volatility Fund was up +18.1% and the IAM True Partner Volatility UCITS Fund was up +9.5%.<sup>10</sup> From April to December the MSCI World experienced a strong rally and volatility fell sharply, with falls in each quarter. The MSCI World rose +42% over this period while the VIX Index fell from 53 to 23. Volatility indices in Europe, Japan and Korea saw similar falls. This proved a more challenging environment for the Group's strategies and there was some give back of earlier gains. For the full year, our funds and managed accounts generated positive investment performance with a negative beta to the MSCI World, resulting in strong alpha generation.<sup>11</sup>

Investment performance in any given short time period can fluctuate around the long-term average based on the prevailing market opportunities. Investors in the Group's products typically focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 through 31 December 2020, the True Partner Fund, the Group's longest running fund product<sup>12</sup> has outperformed each of the CBOE Eureka hedge Relative Value Volatility, Long Volatility and Short Volatility Hedge Fund indices in both absolute terms and in alpha terms. The Group considers these indices to be relevant benchmarks of peer performance as they are comprised of hedge funds trading different types of volatility strategies. Over the same inception to date period, considering the whole period from July 2011 through 31 December 2020, our longest running fund product has also outperformed the Eureka hedge Asset Weighted Hedge Fund Index, a broad index of hedge fund performance, in both absolute terms and in alpha terms.

## Financial Performance

Revenues grew from HK\$44.5 million in 2019 to HK\$132 million in 2020, an increase of 197%. The Group saw strong growth in both management fees and performance fees. The Group also saw an increase in consultancy fees. The Group saw increases in management fees due to higher assets under management and shifts in product mix. The Group saw increases in performance fees primarily due to positive investment

performance. Performance fees are a function of investment performance and the size of the underlying assets under management on which the investment performance is generated. Investment performance for the Group's funds and managed accounts was positive in 2020 and occurred on a higher base of assets under management than previous periods of positive investment performance due to asset growth

over the course of 2019 and early 2020. Relative to 2019, the increase in revenues was primarily driven by increases in performance fees. Performance fees primarily related to strong performance in Q1 but were realized as a positive contribution to our financial results during each of Q1, Q2, Q3 and Q4 in accordance with the terms of our funds and managed accounts.

10. 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. The performance quoted in the text is based on share classes of the respective funds subject to standard fees and is quoted net of fees and expenses.

11. Alpha is a measure of the excess return of a strategy adjusted for its statistical exposure to equity risk and is a widely used metric to evaluate hedge funds. When referring to equities, unless otherwise stated this refers to the MSCI World Total Return Index Hedged to US Dollars ("MSCI World").

12. 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.

## Management discussion and analysis

General and administrative expenses rose from HK\$49.7 million in 2019 to HK\$70.2 million in 2020. The growth in costs reflected higher staff benefits costs due to increased numbers of personnel and performance related incentives arising from positive investment performance in 2020. Performance based incentives are a common feature of hedge fund business models and are an important tool to attract and retain talented personnel. The potential operating leverage of our business model was evident as general and administrative expenses increased by 41% as compared to a 197% increase in revenues. Excluding staff benefits, other operating costs were similar to 2019. While assets under management rose 39%, sales and marketing expenses fell, reflecting a move to digital marketing and an associated reduction in travel expenses.

The Group's profit before income tax was HK\$38.1 million in 2020, as compared to a loss of HK\$20.7 million in 2019. The figures in 2020 represent a pre-tax profit margin of 28.9%. Profit attributable to owners of the Company was HK\$26.1 million in 2020

(after tax), as compared to a loss of HK\$21.8 million in 2019. The Group's comprehensive income attributable to owners of the Company was HK\$25.3 million in 2020 as compared to a loss of HK\$22.8 million in 2019.



### Non-HKFRS Measures – Adjusted Net Profit and Adjusted Earnings 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 Profit (defined below) and Adjusted Earnings Per Share (defined below) as additional financial measures. The Group presents these financial measures because they are used by the management of the Group to evaluate the Group's financial performance by eliminating the impact of certain items that the Group does not consider to be indicative of the Group's underlying performance during the Reporting Period. The Group also believes that these non-HKFRS measures provide additional information to investors and others in their understanding and evaluating the Group's results of operations in the same manner as they help the Group's management and

in comparing financial results across accounting periods and to those of the Group's peer companies. However, these non-HKFRS measures do not have a standardized meaning prescribed by HKFRS and therefore they may not be comparable to similar measures presented by other companies listed on the Stock Exchange.

During 2020, the Group undertook preparatory work in advance of its listing on the GEM of the Stock Exchange on 16 October 2020. During 2020 the Group incurred HK\$13.1 million in related listing expenses, which resulted in lower profits over the period. The Group also incurred listing expenses of HK\$7.5 million in 2019, which resulted in greater losses during 2019.

The Adjusted Net Profit, which is unaudited, represents profit for the year adding back listing expenses (the “Adjusted Net Profit”). The Adjusted Net Profit of the Group for 2020 was HK\$39.2 million, an increase as compared to an Adjusted Net Profit for the Group of a loss of HK\$14.3 million for the corresponding period in 2019. Non-HKFRS Adjusted Earnings Per Share were 12.22 HK cents in 2020 as compared to a loss of 4.75 HK cents per share for the corresponding period in 2019. The Adjusted Earnings Per Share is unaudited and represents Adjusted Net Profit divided by the total number of ordinary shares in issue (the “Adjusted 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.

#### Reconciliation of Adjusted Net Profit

	For the year ended 31 December	
	2020 (HK\$'000)	2019 (HK\$'000)
Profit/(loss) attributable to owners of the Company	26,149	(21,756)
Add back: listing expense	13,094	7,495
<b>Non-HKFRS: Adjusted net profit/(loss)</b>	<b>39,243</b>	<b>(14,261)</b>

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

	For the year ended 31 December	
	2020 (HK\$'000)	2019 (HK\$'000)
Profit/(loss) attributable to owners of the Company	26,149	(21,756)
Divided by: number of ordinary shares	321,038,251	300,000,000
<b>Basic earnings/(loss) per share (HK cents)</b>	<b>8.15</b>	<b>(7.25)</b>

#### Reconciliation of non-HKFRS Adjusted Earnings Per Share

	For the year ended 31 December	
	2020 (HK\$'000)	2019 (HK\$'000)
Profit/(loss) attributable to owners of the Company	26,149	(21,756)
Add back: listing expense	13,094	7,495
<b>Non-HKFRS: Adjusted net profit/(loss)</b>	<b>39,243</b>	<b>(14,261)</b>
Divided by: number of ordinary shares	321,038,251	300,000,000
<b>Non-HKFRS adjusted earnings/(loss) per share (HK cents)</b>	<b>12.22</b>	<b>(4.75)</b>

# Management discussion and analysis

## Assets Under Management

The Group reports its assets under management in US dollars.<sup>13</sup> US dollars are the base currency of most of the Group's fund vehicles and managed accounts. The Group's assets under management grew by US\$447 million from US\$1,138 million to US\$1,585 million, a 39% increase over the period. Growth in assets under management was driven by a combination of positive performance and by net inflows. A UCITS product for which the Group is sub-investment manager, was a highlight, with positive investment performance and client inflows both contributing to growth in AUM.<sup>14</sup>

## 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 Q1, prior to the escalation of Covid-19, senior members of the team were actively engaged with investors in person, meeting with clients and potential clients in financial centres across the world including London, Amsterdam, Geneva, Hong Kong and New York. This included presenting at the Context Summit in Miami and the Goldman Sachs 10<sup>th</sup> Annual UCITS Forum in London. The team also published a thought piece in January discussing the investment outlook.

As Covid-19 became more widespread, in person events began to be postponed and travel restrictions were imposed. The Group successfully transitioned to virtual marketing over this period. The team participated in several virtual conferences and developed its own webinar series

The growth in the Group's assets under management was relatively similar in absolute terms to the comparable period in 2019 (+US\$447 million in 2020 as compared to +US\$503 million in 2019). Over 2020, the Group saw growth of US\$306 million in its assets under management in fund vehicles and growth of US\$141 million in its assets under management in managed accounts. This compares to growth of US\$263 million in its assets under management in fund vehicles and growth of US\$241 million in its assets under management in managed accounts during 2019.

for offshore investors. 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 developed a parallel series for UCITS investors. The conferences and webinars attracted an international audience, with many existing and new prospects reached. The Group also continued to engage with investors and prospects via newsletters and longer thought pieces.

During Q2 the team presented at events including the Kepler Absolute Hedge Virtual Week in April and both the Morgan Stanley European Hedge Fund Forum and the IAM Alternative UCITS Virtual Conference in May. In addition, a senior member of the Group was a panellist at the Eurex Digital Derivatives Forum in June. The team also published a second thought piece discussing the investment outlook.



During Q3 the team presented at events including the 2020 Virtual Global Volatility Summit and the FOW Trading Asia Online Conference. The Group also held its own webinars for offshore investors and together with IAM for UCITS investors. The Group's longest running fund, the True Partner Fund was also nominated for best fund in the Arbitrage and Market Neutral category of the 2020 HFM AsiaHedge Awards, its fifth nomination since inception.

During Q4 the team participated in events including the APAC Volatility Investing Forum, RHK Redefining Hong Kong, the Goldman Sachs Virtual Uncorrelated Strategies Forum and the Morgan Stanley Virtual US Forum. In addition, the True Partner Fund was a finalist for best fund in the Arbitrage and Market Neutral category of the 2020 HFM AsiaHedge Awards. The Group also held its own webinars for offshore investors and together with IAM for UCITS investors.

Amid a challenging environment for traditional due diligence processes, which typically involve in person, onsite activity, and an environment where investors had a lot of areas on which to focus, we were pleased with the progress we were able to make with virtual due diligences. This included winning new capital from investors who successfully conducted their due diligence in an entirely virtual way. While we look forward to being able to return to 'business as usual' in a post-Covid

environment, we are optimistic that while restrictions remain this channel will enable us to continue to actively engage with investors and continue to grow and develop our business. The strong investment performance of our fund products in Q1 led to positive press coverage, including from Bloomberg, which we believe helps increase our brand presence.



The market turmoil in Q1 and rebound in Q2 led some investors to take profits on profitable investments to offset losses elsewhere and rebalance portfolios, while also changing priorities for some investors. Q1 also served as a helpful illustration of the potential diversification benefits of our investment approach. Net, we saw it accelerate some discussions positively, while others slowed. Following the strong performance of our strategies in Q1 we saw some redemptions from existing

investors taking profits (but no full redemptions) and positive inflows from new investors. The redemptions from existing investors resulted in the realisation of accrued performance fees. Over the full period of 1H 2020 we saw growth in assets under management from both positive performance and net inflows.

During 2H 2020 we were able to build on the positive momentum in sales and marketing from 1H 2020 and saw continued growth in assets under management due to net inflows, while investment performance was a small negative. When considering the full year, there was similar growth in AUM in 1H 2020 (an increase of US\$219 million) and 2H 2020 (an increase of US\$228 million). In addition, each segment (funds and managed accounts) saw growth in AUM in both 1H 2020 and in 2H 2020.

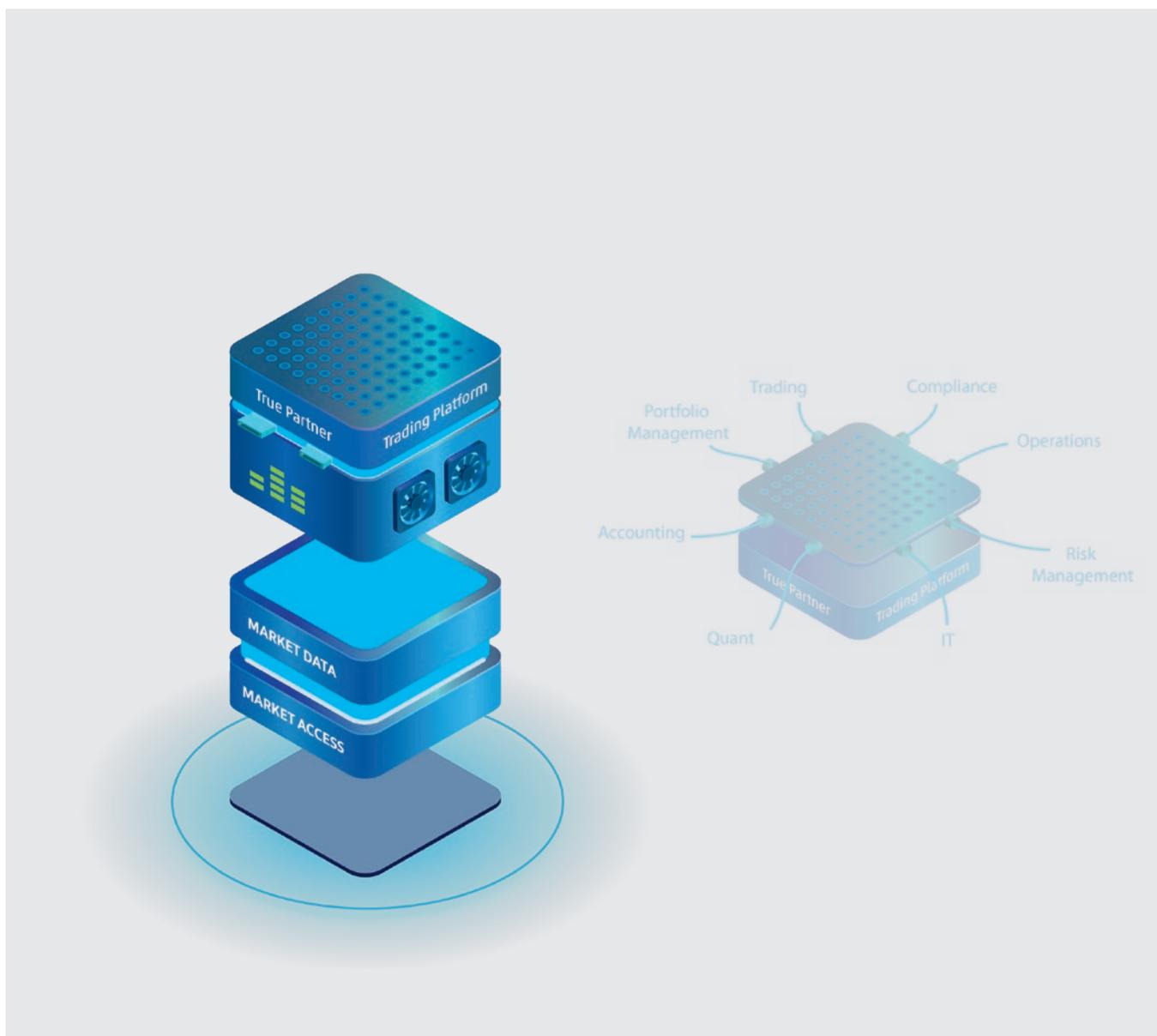
13. Figures for assets under management may include figures based on estimated net asset values for fund vehicles or managed accounts managed or advised by the Group

14. 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.

## Management discussion and analysis

The Group believes that mainland China is a market that will offer attractive long-term opportunities to appropriately skilled asset managers. We were very happy to agree a partnership with Nanhua Futures, the first listed Futures Company on the Shanghai Stock Exchange, at the start of the year. The associate, Holland & Muh, is a PRC company licensed with the AMAC as a privately-raised securities fund manager since May 2014. Holland & Muh intends to initially act as an adviser to fund management companies and, at a later stage, be involved in structuring new asset management products for specific clients.

We consider that our investment in Holland & Muh will provide us with the opportunity to understand and explore the PRC financial services and fund management market. Other Shareholders in Holland & Muh are subsidiaries of PRC conglomerate Hengdian Group Holdings Co. Ltd., including Nanhua Futures. Nanhua Futures is one of the first general clearing members of the China Financial Futures Exchange, is a member of the Shanghai Futures Exchange, Zhengzhou Commodity Exchange and Dalian Commodity Exchange, is a stock options trading participant of the Shanghai Stock Exchange, and is granted with the trading rights for stock options brokerage business.



### Technology Developments

The Covid-19 pandemic led to significant changes in working practices worldwide. Our technology infrastructure demonstrated its resilience and flexibility during the unusual environment in 2020 and the Group was able to continue operating normally as envisaged in our contingency planning. Members of our team were able to quickly shift to

working from home and back to the office as needed and in accordance with guidance from relevant local authorities.

Amid a challenging and rapidly changing backdrop, our investments in technology and operational infrastructure in previous years enabled us to quickly adapt to

the evolving environments in the different countries in which we operate to keep our team safe and enable us to continue to serve our clients.

Our technology team remains focused on maintaining and incrementally further improving the key elements of our core proprietary



## Management discussion and analysis

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 2020 we have focused on further improving the stability,

redundancy, and security of both our infrastructure and our proprietary technology. This has involved work on cybersecurity initiatives, where we also engage outside consultants where required, as well as adding new functionalities for the trading team. Furthermore, improvements were made to the operations components to further simplify and streamline the procedures of the operations team.

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.



## Compliance and Regulatory Update

The Company's registered and licensed asset management companies have not been subject to regulatory reviews or exams during 2020. During the year, we continued to strengthen our compliance infrastructure in conjunction with our external advisors. In addition, an independent

regulatory and operational audit was conducted which found no deficiencies. In Q4 of 2020 we have initiated the preparation for establishing an investment firm license with the AFM.

## 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 of our observations on the current macro environment and potential implications for investors' approaches to portfolios in the coming year.

As others have argued elsewhere, we believe that one important focus for many investors in 2021 will be the search for properly diversifying assets, as 2020 has highlighted once again the potential for tail risks to quickly emerge and have major impacts on markets. For those tasked with macro asset allocation, both absolute value and diversification look harder to find in traditional assets. Despite falling earnings in 2020, many equity markets finished 2020 around new all-time highs as both trailing and forward-estimated price to earnings ratios expanded during the year.

While the tragic toll of Covid-19 varied considerably across countries, and there has been dispersion in the

strength of the recovery since late March, equity markets were highly correlated in the sell-off in the first quarter of 2020. Our investment team trades equity indices and other products in Asia, the US and Europe, with 11 different underlying equity indices. During the MSCI World drawdown from mid-February to

others such as equity volatility again saw large reactions, though the period of turmoil was much shorter lived than in 2008.

There are various factors that may support an earnings recovery following the declines of 2020, as reflected in forward-estimates



mid-March, a profitable period for our strategy, each of these indices was down 20% or more, with some down over 35%. While some risk indicators saw smaller reactions than in 2008,

from analysts. However, valuation arguments for equities often seem to be based not on earnings growth per se but rather on relative valuations as compared to other asset classes,

## Management discussion and analysis

particularly government bonds. Government bonds now have negative real yields in most Western markets, and often negative nominal yields too, while central banks are committed to raising inflation to hit their targets and many governments continue to run fiscal deficits.

Lower long-term interest rates mean that earnings many years away are discounted at a lower rate. This should particularly support stocks with low earnings today, but high perceived long-term growth prospects. These stocks, many in the technology sector, have indeed tended to be the biggest winners of recent years. This has resulted in the Information Technology sector growing to become the largest weight in the S&P 500, commanding a similar valuation to that seen in 1999 on metrics such as price/sales ratios, though other metrics vary.

However, with these 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 substantial 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.



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. Of course, looking at longer-term data, equities and bonds have also had sustained periods of positive downside correlations, such as in the 1970s, when equity and bond prices often fell together. We believe that the potential for positive downside correlations between equities and bonds now seems higher than it has been for much of recent memory.

Interestingly, with bond yields in many markets already very low entering 2020 and pressures from positioning in some areas, during the equity drawdown in 2020 we already saw a relatively limited reaction from many government bonds. For

example, the Bloomberg Barclays Global Government Bond Index was only up 1% during the over 30% drawdown in the MSCI World from the close on 19 February 2020 to the close on 23 March 2020.

We made some similar observations in our outlook letter to clients published in mid-January. While far from the first to describe this asset allocation challenge, the urgency of this question for investors has arguably increased since then, as we have seen an acceleration in the sell-off in government bonds. One of the largest ETFs focused on long-dated US government bonds was down almost 10% YTD through the end of February 2021.<sup>15</sup>

Of course, timing markets is difficult, and unusual valuations

can sometimes persist for long periods. Equity and bond markets are subject to competing forces, 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.

15. Source: Bloomberg. Numbers refer to the iShares 20+ Year Treasury Bond ETF, which had a market capitalisation of over US\$14 billion at the end of February 2021. Past performance is not a guide to future performance.

## Management discussion and analysis

### 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 31 December 2020, the net proceeds had been utilised as follows:

	Allocated actual net proceeds from the Listing HK\$’000	Amount utilised up to 31 December 2020 HK\$’000	Balance as at 31 December 2020 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	32	20,578	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	225	5,178	By 30 June 2023
Enhancement of our IT systems	22,302	250	22,052	By 30 June 2023
Sales and marketing	2,745	–	2,745	By 30 June 2023
Investing in funds managed by the Group	7,610	–	7,610	By 30 June 2023
<b>Total</b>	<b>104,000</b>	<b>507</b>	<b>103,493</b>	

#### Note:

From the Listing Date to 31 December 2020, the Group utilised approximately HK\$507,000 of net proceeds, which was lower than the planned use of proceeds of HK\$2,281,000. The delay in use of net proceeds from the Listing Date to 31 December 2020 was due to the impact of COVID-19 and the short period between the Listing Date and 31 December 2020, which led to insufficient

time for the Company to utilise the net proceeds as scheduled. The Board considers that the development direction of the Group remains unchanged. The Group intends to utilise the remaining net proceeds not yet utilised from the Listing Date to 31 December 2020 in the first half of 2021 and continue to expect to use the remaining net proceeds as originally planned.

## Financial review

### Revenue

During the Reporting Period, revenue of the Group amount to approximately HK\$132 million, representing an increase of approximately HK\$87.5 million, or approximately 197% as compared with approximately HK\$44.5 million for the corresponding period of 2019. The increase was primarily due to increased management fees and in particular increased performance fees from our funds/managed accounts.

### Other income

For the Reporting Period, other income of the Group amounted to approximately HK\$328,000, representing an increase of HK\$39,000 or approximately 14% for the corresponding period of 2019. This was primarily due to interest income.

### Gross profit and gross profit margin

Gross profit of the Group for the Reporting Period was approximately HK\$120 million, representing an increase of approximately HK\$82.4 million or 219% from approximately HK\$37.6 million for the year ended 31 December 2019. The increase was primarily driven by an increase in revenues driven by higher management fee and performance fee, partially offset by an increase in direct cost. Higher revenue were primarily driven by performance fee arising from strong performance in the period.

### General and administrative expenses

General and administrative expense of the Group for the Reporting Period amounted to approximately HK\$70.2 million, representing an increase of approximately HK\$20.5 million or approximately 41% from approximately HK\$49.7 million over the corresponding period of 2019. This was primarily due to increased staff benefits

arising from growth in the team relative to the corresponding period of 2019 and an increase in performance related staff benefits. The increase in performance related staff benefits was a result of the strong investment performance seen in 2020.

### Finance costs

Finance costs mainly represent interest expense on lease liabilities. For the Reporting Period, finance cost of the Group amounted to approximately HK\$121,000, representing an decrease of HK\$14,000 or approximately decrease of 10% for the corresponding period of 2019. 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

31 December 2020 and 2019, the Group has a net cash balance of HK\$156.4 million and HK\$43.9 million.

The current ratio (current assets divided by current liabilities) of the Group was 7.54 times.

The Group had no corporate bank borrowings. The Group's net cash is more than its net debts, therefore, no gearing ratios are presented as at 31 December 2020 and 2019.

### **Capital structure**

As at 31 December 2020, the Group's shareholders' equity and total number of shares issued were HK\$236.7 million and 400 million shares, respectively.

### **Charge on assets**

As at 31 December 2020, the Group did not pledge any assets as collateral for overdrafts or other loan facilities.

### **Segment information**

An analysis of the segment information for the Group is set out in note 5 to the consolidated financial statements.

### **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 annual report, there was no plan for other material investments or additions of capital assets during the Reporting Period.

### **Contingent liabilities**

As at 31 December 2020, the Group has no material contingent liabilities.

### **Dividends**

The Board has recommended the payment of a final dividend of HK\$0.02 per share for the year ended 31 December 2020 (2019: nil).

### **Human resources management**

As at 31 December 2020, the Group had a total of 26 employees (as at 31 December 2019: 23). Based on the Group's remuneration policy, the employees' remuneration is determined with reference to the experience and qualifications of the individual's performance. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. The Group has also adopted a share option scheme to reward individual staff for their contribution to the Group.

# Biographical Details of Directors and Senior Management

## Executive Directors

### Mr. Ralph Paul Johan VAN PUT (“Mr. van Put”),

aged 54, is the executive Director and chief executive officer of the Company. He is also a member of the Remuneration Committee and Nomination Committee of the Company. Mr. van Put joined the Group in May 2011 and is primarily in charge of the Group’s overall business development and management. He was appointed as the chairman of the Board on 16 March 2020. He is a director of several major subsidiaries of the Company.

Mr. van Put has over 26 years of experience in finance and particularly in proprietary trading. Mr. van Put has comprehensive knowledge in investment fund and trading technology and extensive experience in entrepreneurship. He is responsible for overseeing overall business development and day-to-day operations of the Group. The following table summarises Mr. van Put’s professional experience prior to joining the Group:

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

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

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

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

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

aged 45, is the executive Director and the co-chief investment officer of the Company. He is also a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Heijboer joined the Group in May 2010 and is co-responsible for all trading and fund management and research activities of the Group. He is a director of various subsidiaries of the Company.

Mr. Heijboer has over 17 years of experience in the area of proprietary trading and quantitative research. Prior to joining the Group, from July 2003 to September 2008, Mr. Heijboer worked in Saen Options Holding B.V., a derivative trading company, as a researcher, trader and the head of derivatives trading. He was mainly responsible for derivative trading in the major European markets. From September 2008 to March 2009, Mr. Heijboer was the

head of trading in Saen Options Hong Kong Ltd. where he was responsible for managing trading activities. From April 2009 to January 2010, Mr. Heijboer was a senior trader in All Options Hong Kong Limited after All Options International B.V. acquired Saen Options Hong Kong Ltd. He was responsible for the trading activities in the Hong Kong office of All Options International B.V. With his diversified experience and knowledge across different trading areas, Mr. Heijboer's versatility offered immense value to the Group.

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

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

aged 47, is the executive Director and the co-chief investment officer of the Company. Mr. Hekster joined the Group in August 2011 and is co-responsible for all trading and fund management and research activities of the Group. He is a director of various subsidiaries of the Company.

Mr. Hekster has over 22 years of experience in the area of proprietary trading. Prior to joining the Group, Mr. Hekster worked for IMC, a large-scale proprietary trading firm and market maker, for an extended period of time. He was a

market maker in IMC Trading BV from January 1998 to December 1999 and a special products trader in the same company from January 2000 to February 2004 where he was responsible for developing and trading arbitrage strategies. From March 2004 to December 2007, Mr. Hekster was a senior supervising trader in Holland Trading House LLC (IMC Chicago), where he was involved in the development of an arbitrage strategy on a major American exchange-traded fund and managed its equity options trading operations. From February 2008 to February 2010,

## Biographical Details of Directors and Senior Management

Mr. Hekster was a head of volatility arbitrage in IMC Asia Pacific Limited, one of the leading trading firms, where he was principally responsible for establishing a framework for high-frequency volatility arbitrage. In March 2010, Mr. Hekster founded and acted as a director of RVT Hong Kong Limited, a proprietary trading firm transacting equity index derivatives, where he developed trading strategy and infrastructure for dynamic volatility arbitrage between the main Hong Kong equity indices.

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

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

### Mr. Roy VAN BAKEL (“Mr. van Bakel”),

aged 43, is the executive Director and the chief technology officer of the Company. Mr. van Bakel joined the Group in May 2010 and is responsible for overseeing the information technology and development departments. He is also a director of various subsidiaries of the Company.

Mr. van Bakel has over 18 years of experience in the area of proprietary trading and technology development. Prior to joining the Group, Mr. van Bakel worked at Sfiiss Financial Technology B.V., a company principally engaged in the development of trading software, as financial system developer from February 2002 to September 2006. Mr. van Bakel was a senior developer at Saen Options BV, a proprietary trading company, from October 2006 to May

2008 and worked as the head of software development and the chief technology officer of Saen Options Hong Kong Limited from June 2008 to March 2009. Mr. van Bakel became the senior developer of All Options Hong Kong Limited, a derivative trading company, from April 2009 to September 2009 after Saen Options Holding B.V. was acquired by All Options International B.V. in March 2009. Since October 2009, Mr. van Bakel has been the managing director of T8 Software Consulting, which became a wholly owned subsidiary of the Company on 19 May 2010.

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

## Independent Non-executive Directors

### Mr. Jeronimus Mattheus TIELMAN (alias: Jeroen TIELMAN) (“Mr. Tielman”),

aged 58, is an independent non-executive Director. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Tielman is responsible for supervising and providing independent advice to the Board. Mr. Tielman joined the Company in March 2020.

Mr. Tielman is the founder and managing partner in QStone Capital, a boutique established in March 2016 that develops

investment opportunities in the global waste-water treatment market and assists selected water recycling technology firms with fine-tuning their strategy, growing their business in Europe and India and arranging different types of growth finance. Prior to founding QStone Capital, Mr. Tielman founded IMQubator funds and IMQ Investment Management B.V., an independent asset management company and institutional fund in January 2009. He worked as a chief executive officer in IMQ Investment

Management B.V. where he designed and developed an incubator for international, hedge and private equity funds until December 2015.

Mr. Tielman worked in ABN AMRO from August 1986 to May 2000 where he last served as a senior vice president and global head product development of ABN AMRO Asset Management. He was responsible for the development of investment funds for institutional-private banking and the retail markets served by ABN AMRO Asset Management. In May 2000, Mr. Tielman founded FundPartners B.V., where he served as a chief executive officer and was responsible for overseeing its development of independent institutional investment products until December 2004 when FundPartners was acquired by NIB Capital. Mr. Tielman worked as a director of pension business

development in NIB Capital from January 2005 to January 2006 where he was involved with the development of pension business. From February 2006 to February 2008, he joined Cordares, a pension asset manager, as a managing director of commerce, strategy and innovation where he was responsible for coordinating the launch of new pension plan products and the introduction of alternative investment strategies. From April 2008 to December 2008, Mr. Tielman co-initiated the establishment of an international pension investment collaboration network and prepared the founding of IMQubator.

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

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

aged 37, is an independent non-executive Director. She is also the chairwomen of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Ms. Pai is responsible for supervising and providing independent advice to the Board. Ms. Pai joined the Company in March 2020.

Prior to joining the Company, Ms. Pai worked for PricewaterhouseCoopers Taiwan from September 2006 to June 2009 where she held multiple roles as an auditor in IPO projects for listings on the Taiwan Stock Exchange. Ms. Pai was responsible for risk assessment of clients' going concern postulate and compliance. Her training and experience have equipped Ms. Pai with adaptability to engage in a wide variety of industries, amid fast paced business environments, where accounting principles and financial principles were subject to continuous changes. From October 2010 to September 2012, Ms. Pai was a senior analyst and a manager of the operating audit and analysis division in Top Victory Electronics (Taiwan) Co., Ltd, a subsidiary of a previously listed electronics manufacturer on the Hong Kong Stock Exchange where she was responsible for reviewing financial documents,

conducting analysis and forecast. From October 2012 to May 2018, Ms. Pai joined Taiwan Mobile Co., Ltd., a listed company on the Taiwan Stock Exchange, as a senior financial analyst and financial controller where she was responsible for preparing and analysing financial reports of the subsidiaries. During her tenure with these listed companies, Ms. Pai led operational discussions across multiple regions and subsidiaries which prepared her as a manager and as a leader with the ability to build exceptional relationships within these firms, both between different locations as between different departments. Ms. Pai has been a financial and administrative controller of Molly & Hank Co., Ltd. (KidsAwesome Museum) since December 2018. She is responsible for the overall accounting and audit and the regulatory alignment of the company.

During her career, Ms. Pai has developed the necessary accounting and financial management expertise and accumulated a wealth in knowledge and experience in various crucial aspects of finance and accounting: preparing, reviewing and analysing audited financial statements, providing strategic management of the accounting and finance functions, directing accounting policies, procedures

## Biographical Details of Directors and Senior Management

and internal controls, recommending improvements to safeguard the integrity of the company's financial information, managing and overseeing the relationship with independent auditors, overseeing financial systems implementations and upgrades, identifying and managing business risks and insurance requirements.

### **Mr. Ming Tak NGAI, (alias: Michael Ngai) (“Mr. Ngai”),**

aged 53, is an independent non-executive Director. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Ngai is responsible for supervising and providing independent advice to the Board. Mr. Ngai joined the Company in March 2020.

Mr. Ngai is the chairman of the Red Group, a corporation focusing on international business investment. Mr. Ngai worked in UBS Investment Bank from April 2006 to November 2013 where he last served as a managing director. He was mainly responsible for investment banking business. Mr. Ngai has been an independent non-executive director of Starlight Culture Entertainment Group Limited (SEHK: 1159, a company principally engaged in the

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

investment of movies and television series) since May 2017.

Mr. Ngai is a member of the National Committee of the Chinese People's Political Consultative Conference, a Standing Committee member of the Heilongjiang Provincial Committee of the People's Political Consultative Conference, Fellow Commoner and Development Advisory Council Member of Clare Hall, University of Cambridge, Council Member and Chairman of the Institutional Advancement Committee of Lingnan University, a member of the Transport Tribunal Panel, and a member of the Administrative Appeals Board.

Mr. Ngai obtained his master's degree in Philosophy from University of Cambridge in July 1991.

## Senior management

### **Mr. Robert KAVANAGH (“Mr. Kavanagh”),**

aged 39, is the Head of Investment Solutions of the Group. Mr. Kavanagh joined the Group in December 2019 and has over 16 years of experience in the investment management industry, focused on hedge funds. Prior to joining the Group, he was an executive director at Goldman Sachs Asset Management, where he spent 15 years

within the Alternative Investments & Manager Selection (AIMS) group and its predecessor group between July 2004 and November 2019. Mr. Kavanagh obtained a First Class (Honours) BSc in Philosophy and Politics from the University of Bristol in the UK in 2004. Mr. Kavanagh is also a CFA charterholder.

### **Mr. Johan Marianus Cecil CORNELISSEN (“Mr. Cornelissen”),**

aged 48, is the senior portfolio manager of the Group and is jointly responsible for the portfolio management and trading activities of the Group with the co-chief investment officers. Mr. Cornelissen joined the Group in

March 2016 and has 23 years of experience in the area of proprietary trading. Prior to joining the Group, Mr. Cornelissen was a senior floor trader in Saen Options B.V., a proprietary trading company, from August 1997 to January

2000. From January 2000 to January 2006, Mr. Cornelissen was a managing director in Saen Options USA, where he established and managed the US trading operations. From April 2009 to February 2016, he was a managing partner in

ON Trading LLC, an investment company focusing on niche asset classes. Mr. Cornelissen obtained a master's degree in Economics from Erasmus University Rotterdam in the Netherlands in November 1998.

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

aged 45, is the head of research and development of the Group and is responsible for leading the development of trading technology. Mr. Gragert joined the Group in July 2018 and has 23 years of experience in the area of proprietary trading and software development. Prior to joining the Group, Mr. Gragert was the chief technology officer in Sfiss Financial Technology B.V., which was acquired by Saen Options Holdings B.V. in 2006, from October 1997 to September 2006. Acquiring Sfiss Financial Technology B.V., a technology company providing software and tools for market makers, Saen Options Holdings B.V. became a more competitive market maker by combining the technology expertise with trading expertise. Mr. Gragert

was a master architect in All Options B.V. from April 2009 to May 2014 respectively. Mr. Gragert's experience in Sfiss Financial Technology B.V., a technology company providing software and tools for market makers and Saen Options, a market making company focusing on proprietary trading, enhanced his capability and knowledge across different aspects of trading. From June 2014 to July 2018, Mr. Gragert was a senior quantitative analyst of ING Group, where he was responsible for developing and maintaining a calculation engine. Mr. Gragert obtained a master's degree in Applied Mathematics from University of Twente in the Netherlands in December 1997.

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

aged 54, is the chief operating officer of the Group. Mr. Janssen is responsible for overseeing all operational aspects of the asset management activities. Mr. Janssen joined the Group in February 2012 and has 19 years of experience in software development. Prior to joining the Group, Mr. Janssen joined Generali Verzekeringsgroep NV as a software developer where he was responsible for the development of insurance policy management software from December 2001 to December 2002. Mr. Janssen was

a senior developer in Sfiss Financial Technology B.V., Saen Options B.V. from December 2002 to September 2006 and from October 2006 to May 2009 respectively. From June 2009 to January 2012, Mr. Janssen joined All Options (Chengdu) Co., Ltd as a senior developer where he managed a team with regard to asset management and trading software development. Mr. Janssen obtained a bachelor's degree in Engineering from HAN University of Applied Sciences in the Netherlands in July 1988.

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

aged 68, is the chief compliance officer of the Group who is responsible for regulatory and compliance matters. In January 2017, Mr. Donnellan was engaged by us as an independent compliance consultant on a part-time basis and subsequently joined the Group as chief compliance officer in July 2017. He has over 45 years of experience in the financial services profession. Prior to joining the Group, In September 1982, Mr. Donnellan joined Shatkin Trading

Co. where he served in various capacities including being a director and vice president of its Chicago Mercantile Exchange office. Shatkin Trading Co. was acquired by LIT America, Inc and Mr. Donnellan was appointed as the senior vice president and general counsel from December 1987 to February 1990. In February 1990, Mr. Donnellan joined Sanwa Futures LLC, a global futures broker, as senior vice president and was appointed as president in March 1991.

## Biographical Details of Directors and Senior Management

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

Services, Inc, a futures clearing broker. From April 2014 to June 2017, Mr. Donnellan was a managing director and chief compliance officer at Mocho Trading LLC, a proprietary trading firm.

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

### **Ms. Kit Man WONG (alias: Doris Wong) (“Ms. Wong”),**

aged 38, is the chief financial officer of the Group primarily responsible for the overall financial management of the Group, both in Hong Kong and overseas. Ms. Wong has over 17 years of experience in financial and accounting. From April 2003 to October 2003, Ms. Wong was an accounts clerk at International Credit Management Consultancy Limited, where she was mainly responsible for accounting and administration duty for business needs. From December 2003 to September 2011, Ms. Wong worked in Primasia Corporate Services Limited where she served as

an accountant.

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

## Company secretary

### **Ms. Yuet Chew Grace SIOW (“Ms. Siow”),**

aged 54, is the company secretary of the Company responsible for the corporate secretarial functions of the Group. She is currently the director of corporate services of Tricor-Alpha Corporate Secretarial Services Limited, a member of Tricor Group. Ms. Siow has been an associate member of The Chartered Governance Institute (“CGI”) (formerly “The Institute of Chartered Secretaries and Administrators”) and The Hong Kong Institute of Company

Secretaries (“HKICS”) since 9 May 1994 and 1 August 1994, respectively. Ms. Siow was also awarded the Chartered Governance Professional qualification of CGI and the HKICS on 30 September 2018.

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

# Corporate governance report

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2020.

## ■ Corporate governance practices

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

The Group has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules. To the best knowledge of the Directors,

the Group has complied with all the applicable code provisions of the CG Code during the period from the Listing Date to 31 December 2020, except for the deviation from provision A.2.1 of the CG Code, which is explained in the relevant paragraph of this report.

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

## ■ Board of directors

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

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

## ■ Board Composition

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

section, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executives. The Board had three independent non-executive Directors with one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise at all times during the period from the Listing Date up to the date of this annual report. None of the members of the Board is related to one another.

Each of the Directors’ respective biographical details is set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report. Save as disclosed in the aforesaid

### Chairman and Chief Executive Officer

Code provision A.2.1 as set out in Appendix 15 to the GEM Listing Rules stipulates that the roles of chairman and chief executive should be separate 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.

### Independent non-executive Directors

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

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

### Re-election of Directors

In accordance with the articles of association of the Company, all the Directors are subject to retirement by rotation at least once every three years. Any new Director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company following his/

her appointment and shall be subject to re-election at such meeting; and (ii) as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

### Responsibilities of the Directors

The Board is entrusted with the overall responsibility for promoting the success of the Company by providing effective leadership and direction

to its business, and ensuring transparency and accountability of its operations. The Board is responsible for all decision-making in respect of

all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control systems, risk management systems, material transactions (in particular those may involve conflict of interests), financial information, change of Directors, ad hoc projects and other significant financial and operational matters. The Board has the full support of the management of the Group to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are currently delegated to the executive Directors by the Board and the senior management of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions. All Directors have full and timely access to all relevant information

### Professional development of the directors

Pursuant to code provision A.6.5 of CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills as to ensure that their contribution to the Board remains informed and relevant.

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

Besides, the Company keeps circulating information and materials to develop and update Directors'

of the Company, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is able to seek independent advice in appropriate circumstances at the Company's expense, upon making request to the Board.

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

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

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

Immediately prior to the Listing, all Directors have been given the relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interest.

The individual training record of each Director received during the year ended 31 December 2020 is set out below:

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

### Board meetings

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

Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the meeting to keep Directors apprised of the latest developments

and financial position of the Company and to enable them to make informed decisions. All Directors are given opportunities to include matters in the agenda for Board and committee meetings. The Board and each Director also have separate and independent access to the senior management where necessary.

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

### Attendance records of directors

The attendance records of each of the Directors at the Board meetings and committee meetings held

during the period from the Listing Date up to 31 December 2020 are set out in the table below:

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

As the Company was listed on 16 October 2020, the Board convened only two Board meetings and two Audit Committee meetings during the period from the Listing Date to 31 December 2020 to consider and approve the audited interim results and the unaudited third quarterly results of the Group. The Company expects to convene at least

four regular Board meetings in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the CG Code.

Apart from the said meetings, matters requiring Board approval were arranged by means of circulation of written resolutions of all Board members.

## Board committees

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

of each committee are available on the websites of the Company and the Stock Exchange.

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

## Audit Committee

The Company established an audit committee (the "Audit Committee") on 22 September 2020 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and 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 Audit Committee currently consists of three members, all three independent non-executive Directors, namely Mr. Jeronimus Mattheus Tielman, Ms. Wan Ting Pai and Mr. Ming Tak Ngai. Ms. Wan Ting Pai, who possesses the appropriate professional qualifications as required under Rules 5.05(2) and 5.29 of the GEM Listing Rules, is the chairwoman of the Audit Committee.

## Remuneration Committee

The Company established a remuneration committee (the “**Remuneration Committee**”) on 22 September 2020 with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and the CG Code. The primary duties of the Remuneration Committee include (i) reviewing and making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) reviewing other remuneration-related matters, including benefits-in-kind and other compensation payable to the Directors and senior management; and (iii) reviewing performance based remunerations and establishing a formal and transparent procedure for developing policy in relation to remuneration.

The Remuneration Committee currently consists of two executive Directors, namely Mr. Ralph Paul Johan van Put and Mr Godefriedus Jelte Heijboer and three independent non-executive Directors, namely Mr. Jeronimus Mattheus Tielman, Ms. Wan

From the Listing Date up to 31 December 2020, two meetings of Audit Committee were held for reviewing the Group’s interim and quarterly results, the financial reporting and compliance procedures and the effectiveness of the risk management and internal control systems.

Ting Pai and Mr. Ming Tak Ngai. Ms. Wan Ting Pai is the chairwoman of the Remuneration Committee. Details of the remuneration of Directors are set out in note 9 to the consolidated financial statements.

As the Remuneration Committee was only set up on 22 September 2020 and there was no change in the policy and structure of the remuneration of the Directors and senior management of the Group, no meeting was held by the Remuneration Committee during the period from the Listing Date up to 31 December 2020. On 18 January 2021, the Remuneration Committee met to review the remuneration policy and the structure of the remuneration, bonuses payment for 2020 and remuneration packages of executive directors and senior management.

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the members of the Board and the senior management by band for the year ended 31 December 2020 is set out below:

Remuneration Band	Number of Individuals
Nil to HK\$2,000,000	6
HK\$2,000,001 to HK\$4,000,000	4
HK\$6,000,001 to HK\$8,000,000	3

Of the five individuals with the highest emoluments, four of them are our executive Directors. Details of the remuneration of each Director and the five individuals with the highest emoluments in the

Group for the year ended 31 December 2020 are set out in note 9 and note 10 to the consolidated financial statements, respectively.

### Nomination Committee

The Group established a nomination committee (the “**Nomination Committee**”) on 22 September 2020 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The primary duties of the Nomination Committee mainly include, (i) reviewing the structure, size and composition of the Board annually; (ii) identifying individuals suitably qualified to become Board members; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board on the appointment and succession planning of Directors; and (v) making recommendations to the Board regarding the candidates to fill vacancies on the Board.

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

### Nomination Policy

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

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

- (a) reputation for integrity;
- (b) accomplishment, experience and reputation in the relevant industry and other relevant sectors;

Pai and Mr. Ming Tak Ngai. Ms. Wan Ting Pai is the chairwoman of the Nomination Committee.

As the Nomination Committee was only set up on 22 September 2020 and the Nomination Committee considers that it is not necessary to review the size and composition of the Board due to the short period of time since the Listing Date, no meeting was held by the Nomination Committee during the period from the Listing Date up to 31 December 2020. On 30 March 2021, the Nomination Committee met to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to review the board diversity policy to ensure its effectiveness, and to consider the qualifications of the retiring Directors standing for election at the forthcoming annual general meeting of the Company.

- (c) commitment in respect of sufficient time, interest and attention to the Company’s business;
- (d) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;
- (e) the ability to assist and support management and make significant contributions to the Company’s success;
- (f) compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules for the appointment of an independent non-executive Director; and
- (g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

### ■ Board Diversity Policy

The Board has adopted a policy of the Board diversity (the “**Board Diversity Policy**”) which sets out the approach to achieve diversity on the Board. Under the Board Diversity Policy, the Company considers diversity of Board members to be achieved through consideration of a number of aspects, including but not limited to, gender, age, cultural and educational background, professional experience,

### ■ Risk Committee

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

As at 31 December 2020, the Risk Committee comprises Mr. Roy van Bakel, Mr. Thorsten Gragert, Mr. Godefriedus Jelte Heijboer, Mr. Tobias Hekster and Mr. Remco Janssen. The Risk Committee is chaired by Mr. Roy van Bakel.

### ■ Risk management and internal control

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

The management is primarily in charge of designing, implementing and monitoring the risk management and internal control systems. The Board is responsible

skills and knowledge. All Board appointments are based on merit, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the objectives of its Board Diversity Policy.

The Risk Committee meets on an annual basis to assess policies and any risk occurrences, and meets when facts and circumstances warrant. In 2020, the Risk Committee held three meetings. In the meetings, the members reviewed, discussed and/or approved the issues related to:

- a. The Group’s risk management framework and Internal Control Assessment;
- b. Regular assessments on major risks;
- c. Investment, operation and liquidity risk management; and
- d. Operation impact of COVID-19.

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

The Group has engaged external independent professional for providing the internal audit function and performing independent review of the adequacy and effectiveness of the internal control systems, including reviewing guidelines and policies which are implemented throughout our operation, and risk management practices with an aim to, among other matters, improve our Group’s corporate governance. The external independent professional is also responsible for providing its findings and

any recommendations, in respect of enhancing the Group's systems as appropriate, to the Audit Committee. Based on the findings and comments by the external independent professional and the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

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

#### ■ Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out in the code provision D.3.1 of the CG Code, which include:

- a. to develop and review the Group's policies and practices on corporate governance and make recommendations;
- b. to review and monitor the training and continuous professional development of the Directors and senior management;

#### ■ 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

#### ■ Directors' responsibility for the consolidated financial statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and ensure that the consolidated financial statements are prepared in accordance with

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

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

- c. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- d. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
- e. to review the Group's compliance with the provisions of the CG Code and disclosure in the corporate governance report.

made specific enquiries of all Directors, all Directors have confirmed that they had fully complied with the Code of Conduct from the Listing Date up to 31 December 2020.

statutory requirements and applicable accounting standards. The Directors also ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty

that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external auditor of the

### Auditor's remuneration

During the year ended 31 December 2020, the total fees paid/payable in respect of audit services and non-audit services provided by the Company's

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

external auditor, PKF Hong Kong Limited, are set out below:

Nature of service	Fees Paid / Payable HK\$'000
Audit Services	1,430
Non-audit Services	185
	<u>1,615</u>

### Company secretary

Ms. Siow Grace Yuet Chew of Tricor Services Limited, which is an external service provider, has been engaged by the Company as its company secretary. Ms. Siow has confirmed that she has taken no less than 15 hours of relevant professional training during the year ended 31 December 2020. The primary

contact person at the Company is Mr. Godefriedus Jelte Heijboer, our executive Director.

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

### Shareholders' rights

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put

forward at general meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

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

Pursuant to article 64 of the articles of association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at

general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such

meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result

#### ■ Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the

#### ■ Contact Details

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

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

Website:

<https://www.truepartnercapital.com/contact>

#### ■ Investor relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business, performance and strategies. The Board strives to maintain on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The general meetings of the Company provide a forum for communication between the Board and the Shareholders. Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries. The Company has established a Shareholders communication policy to set out the

#### ■ Constitutional documents

Except for the adoption of the amended and restated Memorandum and Articles of Association by the Company to comply with the applicable legal and regulatory requirements (including the GEM Listing Rules) on 16 October 2020 in anticipation of the Listing, there were no changes in the constitutional

of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Company. The Company will not normally deal with verbal or anonymous enquiries.

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

Company's procedures in providing the Shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

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

documents of the Company during the year ended 31 December 2020. A copy of the amended and restated Memorandum and Articles of Association of the Company is available on the websites of the Stock Exchange and the Company.

# Directors' Report

The Directors are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

## Principal activities

The Company is an investment holding company. The Group is principally engaged in fund management business and providing consultancy services. The activities of its principal subsidiaries of the Company are set out in note 37 to the consolidated financial statements.

## Business review

The business review of the Group for the year ended 31 December 2020 is set out in the sections headed "Chairman's Letter" and "Management Discussion and Analysis" of this annual report.

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

## Results and dividends

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 70 of this annual report.

The Board has recommended the payment of a final dividend of HK\$0.02 per share for the year ended 31 December 2020, in an aggregate amount of approximately HK\$8 million. The final dividend is subject to the approval of the Shareholders at

the forthcoming annual general meeting of the Company. The final dividend will be payable on or around Friday, 21 May 2021 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 11 May 2021.

## Closure of register of members

To ascertain the entitlement to the proposed final dividend for the year ended 31 December 2020, the register of members of the Company will be closed from Friday, 7 May 2021 to Tuesday 11 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed final dividend for the year ended 31 December 2020, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Thursday, 6 May 2021 (Hong Kong time).

## Financial summary

A summary of the published results and assets and liabilities of the Group for the last three financial years, as extracted from the audited financial statements, is set out on page 130 in this annual report. This summary does not form part of the consolidated financial statements.

## Revenue and segment information

The revenue and segment information for the year ended 31 December 2020 are set out in note 5 to the consolidated financial statements.

### Plant and equipment

Details of movements in the plant and equipment of the Group during the year ended 31 December 2020 are set out in note 14 to the consolidated financial statements.

### Major customers and suppliers

During the year ended 31 December 2020, revenue derived from the Group's five largest customers accounted for approximately 99% (2019: 98.0%) of the Group's total sales and the largest customer included therein amounted to approximately 45.8% (2019: 71.8%).

During the year ended 31 December 2020, purchases from the Group's five largest suppliers accounted for approximately 17.7% (2019: 16.5%) of the Group's total purchases and purchase from the largest supplier included therein amounted to approximately 10.3% (2019: 7.7%).

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

### Share capital and share options schemes

Details of the Company's share capital and share option schemes are set out in notes 27 and 26 to the consolidated financial statements respectively.

### Share option schemes

#### Pre-IPO Share Option Scheme

The Company has conditionally adopted a

Pre-IPO Share Option Scheme pursuant to the written resolutions of all shareholders passed on 13 February 2020 which all options were granted on 14 February 2020, prior to the Listing Date (the "**Pre-IPO Share Option Scheme**"). Details of the Pre-IPO Share Option Scheme are set out in note 26 to the consolidated financial statements.

#### Share Option Scheme

The Company has also conditionally adopted a share option scheme (the "**Share Option Scheme**") pursuant to the written resolutions of all shareholders passed on 22 September 2020. The conditions of which have been fulfilled. The Share Option Scheme shall be valid and effective for the period of ten years commencing on 22 September 2020, being the date on which the Share Option Scheme was adopted. As at the date of this report, there is remaining life of over 9 years of the Share Option Scheme. Since the date of adoption to 31 December 2020, no share option was granted, exercised, outstanding, cancelled or lapsed under the Share Option Scheme.

#### The purpose of the Share Option Scheme

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

#### The participants of the Share Option Scheme

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

subscribe for shares of the Company:

- (i) any employee or proposed employee (whether full time or part time, including any executive director), consultants or advisers of or to the Company, any subsidiary or any entity (the “**Invested Entity**”) in which any member of the Group holds any equity interest;
- (ii) any non-executive director (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of any member of our Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; and
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity; for the purposes of the Share Option Scheme, the offer may be made to any company wholly owned by one or more Eligible Participants.

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

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option

Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue at the time dealings in the shares first commence on the Stock Exchange, i.e. 40,000,000 Shares (i.e. 10% of the total shares in issue at the date of this annual report).

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

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

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

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

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

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

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

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

**The basis of determining the exercise price**

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

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the

Shares on the offer date;

- (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and
- (c) the nominal value of the Share.

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

**Pre-emptive rights**

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

**Related party transactions and connected transactions**

Details of the significant related party transactions entered into by the Group during the year ended 31 December 2020 are set out in note 30 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the GEM Listing Rules.

**Distributable Reserves**

As at 31 December 2020, the Company has distributable reserves of approximately HK\$68.7 million available for distribution to shareholders of the Company.

## Directors

The Directors during the year ended 31 December 2020 and up to the date of this annual report are as follows:

### Executive Directors

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

### Independent Non-executive Directors

Ms. Wan Ting Pai  
Mr. Ming Tak Ngai  
Mr. Jeronimus Matteus Tielman

Pursuant to article 108 of the articles of association of the Company, Mr. Ralph Paul Johan van Put, Mr. Godefriedus Jelte Heijboer and Mr. Tobias Benjamin Hekster shall retire from office as Directors by rotation at the annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

## Directors' and senior management's biographies

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

## Independence confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant

to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

## Directors' service contracts

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

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

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

## Interests in competing business

None of the Directors or the substantial Shareholders (as defined in the GEM Listing Rules) of the Company (the "**Substantial Shareholders**") or their respective close associates (as defined in the GEM Listing Rules) has interests in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the

Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2020 and up to the date of this annual report.

### **Emolument policy**

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

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

The Group has adopted share option schemes as an incentive to eligible employees. Details of the share option schemes of the Group are set out in note 26 to the consolidated financial statements.

### **Emoluments of directors and five highest paid individuals**

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

### **Retirement benefit schemes**

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

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

Save as those disclosed in note 30 to the consolidated financial statements, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's or any of its subsidiaries was a party, and in which a Director or its connected entities had a material interest (whether directly or indirectly) subsisting at the end of the year or at any time during the year ended 31 December 2020 under Chapter 20 of the GEM Listing Rules.

### **Management contracts**

During the year ended 31 December 2020, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

### **Directors' rights to acquire shares and debentures**

At no time during the Reporting Period and up to the date of this report was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement which

would enable the Directors to acquire benefits by means of the acquisition of shares in, or

debentures of, the Company or any other body corporate.

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

As at 31 December 2020, 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	55,607,644	13.90%
Ralph Paul Johan van Put <sup>(1)</sup>	Interest in a controlled corporation	55,577,399	13.89%
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 31 December 2020, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and

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

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

So far as is known to the Directors, as at 31 December 2020, 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:

## Directors' Report

### 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	55,607,644	13.90%
True Partner Participation Limited	Beneficial owner	55,577,399	13.89%
Kung Yun Ching <sup>(3)</sup>	Interest of spouse	55,577,399	13.89%
True Partner International Limited	Beneficial owner	44,808,908	11.20%
Chan Heng Fai Ambrose <sup>(4)</sup>	(i) Interest in a controlled corporation	44,808,908	11.20%
	(ii) Beneficial Owner	17,314,000	4.33%
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%
Nardinc Beheer B.V.	Beneficial owner	20,088,000	5.02%
SomethingEls B.V. <sup>(7)</sup>	Interest in a controlled corporation	20,088,000	5.02%
ERMA B.V. <sup>(7)</sup>	Interest in a controlled corporation	20,088,000	5.02%
Dasym Managed Accounts B.V.	Investment manager	20,088,000	5.02%
F.J. Botman Holding B.V. <sup>(7)</sup>	Interest in a controlled corporation	20,088,000	5.02%
Franciscus Johannes Botman <sup>(7)</sup>	Interest in a controlled corporation	20,088,000	5.02%

#### 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 13.90% 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 13.89% 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 is wholly owned and controlled by Mr. Chan Heng Fai Ambrose. True Partner International Limited holds 11.20% in True Partner Capital Holding Limited. By virtue of the SFO, Mr. Chan Heng Fai Ambrose is deemed to be interested in the Shares held by True Partner International Limited under the SFO.
- (5) Mrs. Chan Kong Yoke Keow is the spouse of Mr. Chan Heng Fai Ambrose and Mr. Chan Heng Fai Ambrose is deemed to be interested in 11.20% in True Partner Capital Holding Limited per note (4) above. He also beneficially holds 4.33% in True Partner Capital Holding Limited. 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) 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 an investment manager, is 90.1% owned by F.J. Botman Holding B.V. which in turn is wholly owned by Mr. Franciscus Johannes Botman. By virtue of the SFO, Dasym Managed Accounts B.V., F.J. Botman Holding B.V. and Mr. Franciscus Johannes Botman are deemed to be interested in the Shares held by Nardinc Beheer B.V. under the SFO.

Save as disclosed above, as at 31 December 2020, 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

### Equity-linked agreements

Save as disclosed above, no equity-linked agreements were entered into by the Company during the year end 31 December 2020 or subsisted at the end of the year.

### Sufficiency of public float

As at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient prescribed minimum number of the issued

would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO for being recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Shares in public hands as required under the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020 and up to date of this report.

### Compliance adviser's interests

As notified by Alliance Capital Partner Limited

(“**Alliance**”), compliance adviser of the Company, neither Alliance nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Alliance had any interests in the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 2020.

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

### **Corporate governance code**

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

### **Relationships with employees, customers and suppliers**

The Group maintains a good relationship with its employees, and certain policies have been

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

### **Environmental policies and performance**

The Group is committed to operate in compliance with the applicable environmental laws as well as protecting the environment by minimising the negative impact of the Group's existing business activities on the environment. To the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection for the year ended 31 December 2020. The Company will publish an Environmental, Social and Governance Report in due course.

### **Compliance with the relevant laws and regulations**

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

During the year ended 31 December 2020 and up to the date of this annual report, to the best of the Company's knowledge, information and

belief, having made all reasonable enquiries, the Group is not aware of any noncompliance in any material respect with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the year ended 31 December 2020.

### Dividend policy

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

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

### Charitable donations

No charitable donations were made by the Group during the year ended 31 December 2020 (2019: HK\$ Nil).

### Permitted indemnity provision

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

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group. A permitted indemnity provision (as defined in the Companies Ordinance) for the benefit of the Directors of the Company was in force during the year ended 31 December 2020 and is in force as at the date of this report.

### Deed of non-competition

Each of Mr. Ralph Paul Johan van Put, Mr. Godefriedus Jelte Heijboer, Mr. Tobias Benjamin Hekster, Mr. Edo Bordoni, Mr. Roy van Bakel, Mr. Chan Heng Fai Ambrose, True Partner Participation Limited, Red Seven Investment Ltd and True Partner International Limited (together, the "Covenanters") has confirmed to the Company of their respective due compliance with the non-competition undertakings provided to the Company under a deed of non-

competition (the “**Deed of Non-Competition**”) entered into between the Covenanters and the Company dated 22 September 2020 during the period from the Listing Date and up to the date of this report.

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

### Auditor

The consolidated financial statements for the year ended 31 December 2020 have been audited by PKF Hong Kong Limited, who retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint PKF Hong Kong Limited as auditor of the Company will be submitted at the forthcoming annual general meeting of the Company. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the auditor.

**Ralph Paul Johan van Put**

*Chairman and Chief Executive Officer*

Hong Kong, 30 March 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.*

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

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

(Incorporated in the Cayman Islands with limited liability)

大信梁學濂(香港)會計師事務所有限公司

# PKF

Accountants &  
business advisers

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

## Opinion

We have audited the consolidated financial statements of True Partner Capital Holding Limited and its subsidiaries (together the “**Group**”) set out on pages 70 to 129, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for opinion

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

## Key audit matters

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

## Key audit matters (cont'd)

### *Key audit matter*

#### *- fee income recognition*

For the year ended 31 December 2020, the Group recognised management fee and performance fee income of HK\$60,266,000 and HK\$70,481,000 respectively.

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

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

- a. Interpretation of contractual terms from the relevant prospectus or investment management agreements;
- b. Manual input of key contractual terms and fee rates in relevant spreadsheets; and
- c. Manual input of details of assets under management obtained from the third party fund administrators.

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

### *How our audit addressed the key audit matter*

1. We obtained an understanding and tested for implementation, on a sample basis, of the key controls in place over the calculation of management fee and performance fee income;
2. We reviewed the independent internal control reports issued on the third party fund administrators; and
3. We obtained an understanding and tested for implementation, on a sample basis, of the controls in place over the maintenance of records of assets under management, including the reconciliation to custodian statements.

We also performed the following tests on a sample basis:

1. We reviewed the key contractual terms and agreed the fee rates against the contractual terms from the relevant prospectus or investment management agreements;
2. We tested the accuracy of the records of assets under management by inspecting relevant third party custodian statements;
3. We tested the mathematical accuracy of the fee calculations by re-calculation;
4. We tested the settlement of the fee income by inspecting supporting documents in relation to cash receipts; and
5. We performed cut-off test on fee income by inspecting relevant third party custodian statements.

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

(Incorporated in the Cayman Islands with limited liability)

## Key audit matters (cont'd)

### *Key audit matter*

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

As at 31 December 2020, the Group had financial assets at fair value through other comprehensive income of HK\$2,827,000. The Group engaged an independent external valuer to apply valuation method to determine the fair value of these financial instruments. This valuation method included significant unobservable inputs, and involved subjective judgements and assumptions. The sensitivity of the assumptions used may have material impact on the valuation of these financial instruments.

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

### *How our audit addressed the key audit matter*

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

1. We obtained an understanding of the Group's procedures and method of valuation, including significant assumptions made and management's assessment of estimation uncertainty;
2. We evaluated the independence and works performed by the independent external valuer engaged by management to assist their valuation;
3. We evaluated whether the method of valuation and assumptions made are appropriate;
4. We tested the data used by management in the valuation;
5. We re-calculated the valuation made by management;
6. We considered the potential impact of reasonably possible upside/downside changes in these key assumptions;
7. We determined whether indication of possible management bias exist; and
8. We evaluated the recognition and measurement criteria used and disclosure made by management.

## Other information

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and for such internal control as the directors determine is necessary to enable the

preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

(Incorporated in the Cayman Islands with limited liability)

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

### **PKF Hong Kong Limited**

Certified Public Accountants  
Hong Kong

30 March 2021

# Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
Revenue	6	132,013	44,478
Other income	6	328	289
Direct costs		(12,236)	(6,894)
Fair value gain/(loss) on financial assets at fair value through profit or loss		1,284	(1,222)
General and administrative expenses		(70,173)	(49,716)
Listing expenses		(13,094)	(7,495)
Finance costs	7	(121)	(135)
Share of results of associates		123	–
Profit/(loss) before income tax	8	38,124	(20,695)
Income tax expense	11	(11,368)	(382)
Profit/(loss) for the year		26,756	(21,077)
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		63	–
Item that will not be reclassified to profit or loss:			
Fair value loss on financial assets designated at fair value through other comprehensive income		(911)	(1,059)
Other comprehensive loss		(848)	(1,059)
Total comprehensive income/(loss) for the year		25,908	(22,136)
Profit/(loss) for the year attributable to:			
Owners of the Company		26,149	(21,756)
Non-controlling interests		607	679
		26,756	(21,077)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		25,301	(22,815)
Non-controlling interests		607	679
		25,908	(22,136)
Earnings/(loss) per share (HK cents)			
Basic and diluted earnings/(loss) per share	13	8.15	(7.25)

# Consolidated statement of financial position

True Partner Capital Holding

As at 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Plant and equipment	14	1,419	1,849
Right-of-use assets	15	1,970	3,555
Intangible assets	16	37	59
Investments in associates	17	3,400	–
Financial assets at fair value through profit or loss	18	19,712	18,428
Financial assets at fair value through other comprehensive income	19	2,827	3,738
		<u>29,365</u>	<u>27,629</u>
<b>Current assets</b>			
Accounts receivable	20	36,199	6,797
Other receivables	21	13,113	4,867
Deposits placed with a broker		69	173
Amount due from an associate	22	–	471
Tax recoverable		1,586	1,853
Cash and cash equivalents	23	188,589	69,765
		<u>239,556</u>	<u>83,926</u>
<b>Current liabilities</b>			
Payable to a broker		–	97
Accruals and other payables	24	25,315	10,876
Financial liabilities at fair value through profit or loss	18	2	2
Lease liabilities	25	1,690	1,624
Tax payable		4,778	11,112
		<u>31,785</u>	<u>23,711</u>
<b>Net current assets</b>		<u>207,771</u>	<u>60,215</u>
<b>Total assets less current liabilities</b>		<u>237,136</u>	<u>87,844</u>
<b>Non-current liability</b>			
Lease liabilities	25	433	2,123
<b>Net assets</b>		<u>236,703</u>	<u>85,721</u>

## Consolidated statement of financial position (cont'd)

As at 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Capital and reserves</b>			
Share capital	27	157,074	32,486
Reserves	29	<u>74,364</u>	<u>48,577</u>
		<b>231,438</b>	81,063
<b>Non-controlling interests</b>		<u><b>5,265</b></u>	<u>4,658</u>
<b>Total equity</b>		<u><b>236,703</b></u>	<u>85,721</u>

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 30 March 2021 and signed on its behalf by:

**Ralph Paul Johan van Put**  
Chairman

**Godefriedus Jelte Heijboer**  
Director

# Consolidated statement of changes in equity

True Partner Capital Holding

For the year ended 31 December 2020

	Reserves										
	Share capital	Share premium	Group reorganisation reserve	Exchange reserve	Fair value reserve (Notes (i))	Capital reserve (Notes (iii))	Share option reserve (Note 26)	Retained profits	Total	Non-controlling interests	Total equity
At 1.1.2019	2	32,484	1,145	(52)	(1,203)	7,234	-	64,268	103,878	3,979	107,857
Loss for the year	-	-	-	-	-	-	-	(21,756)	(21,756)	679	(21,077)
Other comprehensive loss	-	-	-	-	(1,059)	-	-	-	(1,059)	-	(1,059)
Total comprehensive loss for the year	-	-	-	-	(1,059)	-	-	(21,756)	(22,815)	679	(22,136)
At 31.12.2019 and 1.1.2020	2	32,484	1,145	(52)	(2,262)	7,234	-	42,512	81,063	4,658	85,721
Profit for the year	-	-	-	-	-	-	-	26,149	26,149	607	26,756
Other comprehensive loss	-	-	-	63	(911)	-	-	-	(848)	-	(848)
Total comprehensive income for the year	-	-	-	63	(911)	-	-	26,149	25,301	607	25,908
Recognition of equity-settled share-based expense – Note 26	-	-	-	-	-	-	486	-	486	-	486
Capitalisation issue – Note 27	2,998	(2,998)	-	-	-	-	-	-	-	-	-
Issue of new ordinary shares, net of listing expense – Note 27	1,000	123,588	-	-	-	-	-	-	124,588	-	124,588
<b>At 31.12.2020</b>	<b>4,000</b>	<b>153,074</b>	<b>1,145</b>	<b>11</b>	<b>(3,173)</b>	<b>7,234</b>	<b>486</b>	<b>68,661</b>	<b>231,438</b>	<b>5,265</b>	<b>236,703</b>

Notes:

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

# Consolidated statement of cash flows

For the year ended 31 December 2020

	2020 HK\$'000	2019 HK\$'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before income tax	38,124	(20,695)
Adjustments for:		
Fair value (gain)/loss arising from financial instruments at fair value through profit or loss	(1,284)	1,222
Amortisation of intangible assets	22	18
Depreciation of plant and equipment	925	755
Depreciation of right-of-use assets	1,585	1,190
Interest income	(289)	(18)
Interest expense	121	135
Share of results of associates	(123)	–
Equity-settled share-based payment expense	486	–
Currency translation adjustment	–	13
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	39,567	(17,380)
Changes in working capital:		
Accounts receivables	(29,402)	60,738
Other receivables	(8,246)	(1,861)
Deposits placed with a broker	104	16
Amount due from an associate	471	199
Payable to a broker	(97)	(24)
Accruals and other payables	14,439	(9,009)
	<hr/>	<hr/>
Cash generated from operations	16,836	32,679
Interest received	289	18
Hong Kong profits tax paid	(11,111)	(1,221)
Overseas income tax paid	(6,324)	(2,674)
	<hr/>	<hr/>
<b>Net cash (used in)/generated from operating activities</b>	<b>(310)</b>	<b>28,802</b>
<b>Cash flows from investing activities</b>		
Acquisition of an associate	(3,288)	–
Acquisition of financial assets at fair value through profit or loss	–	(11,625)
Purchases of plant and equipment	(495)	(2,164)
Purchases of software	–	(61)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(3,783)</b>	<b>(13,850)</b>

For the year ended 31 December 2020

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<b>Cash flows from financing activities</b>		
Principal element of lease rentals payment	(1,624)	(998)
Interest element of lease rentals payment	(120)	(131)
Issue of shares	124,588	–
Interest paid	(1)	(4)
	<u>122,843</u>	<u>(1,133)</u>
<b>Net cash generated from/(used in) financing activities</b>		
	<u>122,843</u>	<u>(1,133)</u>
<b>Net increase in cash and cash equivalents</b>	<b>118,750</b>	13,819
<b>Cash and cash equivalents at beginning of the year</b>	<b>69,765</b>	55,946
<b>Effect of foreign exchange rate changes</b>	<b>74</b>	–
	<u>74</u>	<u>–</u>
<b>Cash and cash equivalents at end of the year</b>	<b>188,589</b>	69,765
	<u>188,589</u>	<u>69,765</u>
<b>Analysis of the balance of cash and cash equivalents</b>		
Cash at bank	<u>188,589</u>	<u>69,765</u>

## Notes to the Consolidated Financial Statements

### 1. Corporate information

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is located at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands and its principal place of business is located at Suites 2902-30, 29/f., Tower 2, The Gateway, Harbour City, Kowloon, Hong Kong.

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

The shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 October 2020.

### 2. Basis of preparation

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

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

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

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

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

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

### (a) Initial application of HKFRSs

In the current year, the Group initially applied the *Conceptual Framework for Financial Reporting 2018* and the following new and revised HKFRSs:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The initial application of the *Conceptual Framework for Financial Reporting 2018* and the above new and revised HKFRSs has had no significant financial impact on these consolidated financial statements.

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

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>4</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRS 16	COVID-19-Related Rent Concessions <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>4</sup>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>5</sup> Effective for annual periods beginning on or after a date to be determined

### 3. Summary of significant accounting policies

#### (a) Basis of consolidation

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

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

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

#### (b) Subsidiaries

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

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

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

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

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

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

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

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

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

#### (c) Associates

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

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

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

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

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

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable

assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

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

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

#### (d) Plant and equipment

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

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

Furniture and fixtures	– 20% to 33 $\frac{1}{3}$ %
Computer equipment	– 33 $\frac{1}{3}$ % to 50%
Office equipment	– 20% to 33 $\frac{1}{3}$ %
Leasehold improvements	– over the lease term

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

#### (e) Intangible assets

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

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

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

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

#### (f) Financial assets

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

##### *Financial assets at FVPL*

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

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

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

##### *Financial assets at amortised cost*

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

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

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

##### *Financial assets at FVOCI*

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

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

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

#### (g) Receivables

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

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

#### (h) Expected credit losses (“ECLs”)

##### (i) ECLs from receivables

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

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

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

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

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

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

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

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

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

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

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

#### (i) Impairment of non-financial assets

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

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

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

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

#### (i) Impairment of non-financial assets (cont'd)

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

#### (j) Cash equivalents

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

#### (k) Payables and accruals

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

#### (l) Provisions and contingent liabilities

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

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

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

#### (m) Revenue recognition

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

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

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

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

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

#### (n) Employee benefits

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

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

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

#### (o) Income tax

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

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

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

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

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

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

#### (p) Foreign currencies translation

##### (i) Functional and presentation currency

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

##### (ii) Transactions and balances

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

##### (iii) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

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

#### (q) Leases

##### Definition of a lease

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

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

##### The Group as lessee

##### Short-term leases

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

##### Right-of-use assets

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

The cost of right-of-use assets includes:

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

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

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

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

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

##### Refundable rental deposits

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

##### Lease liabilities

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

The lease payments include:

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

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

##### *Lease modifications*

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

##### *Taxation*

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

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

#### (r) Borrowing costs

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

#### (s) Share-based payment transactions

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

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

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

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

#### (t) Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (t)(a) above;

(vii) a person identified in (t)(a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 4. Significant accounting judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### (a) Current and deferred taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is subject to the agreement by the relevant tax authority. The Group recognises liabilities for such transactions based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when the management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

#### (b) Impairment of non-financial assets

The Group has to exercise judgement in determining whether a non-financial asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of a non-financial asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

#### 4. Significant accounting judgements and estimates (cont'd)

##### (c) Useful life of plant and equipment and intangible assets

The cost of plant and equipment and intangible assets with definite useful lives are depreciated and are amortised on a straight-line basis over the estimated economic useful lives. Management estimates the useful lives to be within 3 to 5 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future amortisation and depreciation charges could be revised. The carrying amounts of the plant and equipment and intangible assets at the reporting date are disclosed in Notes 14 and 16 to the consolidated financial statements respectively.

##### (d) Investment funds managed by the Group

The Group holds a certain degree of direct interest in one of the funds managed by the Group. When determining whether the Group controls the fund, usually the level of aggregate economic interests of the Group in the fund, fund manager's scope of decision-making rights and the level of investors' rights to remove the investment manager will be taken into consideration.

In accordance with HKFRS 10, an investor controls an investee if and only if the investor has all of the following elements: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; (c) the ability to use its power over the investee to affect the amount of the investor's returns. In assessing whether power is present, the Group will not have power over the fund if the fund manager can be removed at any time. As regards variable returns, all economic interests arising from the funds, including the extent of direct interest in these funds, regular management fee charged and performance fee obtained will be taken into consideration, the Group uses 20% as the point of reference in assessing whether the Group exposes, or has rights, to significant variable returns from its involvement with the investee.

The financial statements of the funds managed by the Group were not consolidated into the Group's consolidated financial statements because the Group does not have control over these funds taken into account of all the aforementioned elements in accordance with HKFRS 10.

### 4. Significant accounting judgements and estimates (cont'd)

#### (e) Fair value measurements and valuation process

Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where observable market data are not available, the Group engages independent qualified valuer to perform the valuation and works closely with independent qualified valuer to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. The use of valuation models and assumptions in valuing these financial instruments is subjective and requires varying degrees of judgement

#### (f) Recognition of share-based payment expense

The fair value of the share options granted by the Group is estimated using binomial option pricing model. Significant estimate on assumptions, such as share price volatility and dividend yield, is required to be made by the directors in applying the option pricing model. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the share options, which may in turn significantly impact the determination of the share-based payment expense.

### 5. Segment information

Information reported to the executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. CODM considers the business from service perspectives whereby assesses the performance of the services based on revenue generated in the course of the ordinary activities of a recurring nature of the Group.

CODM considers the business of the Group as a whole as the Group is primarily engaged in asset management service and consultancy service, however no discrete financial information is available for identifying operating segments among different services, therefore no further analysis of segment information is presented.

## 5. Segment information (cont'd)

## (a) Geographical information

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

Geographical information of revenue during the year is as follows:

	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Hong Kong	<b>88,737</b>	42,439
Chicago	<b>43,276</b>	2,039
	<b>132,013</b>	44,478

## (b) Information about major customers

During the year, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows:

	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Customer A	<b>60,458</b>	31,942
Customer B	<b>16,169</b>	N/A <sup>(1)</sup>
Customer C	<b>24,691</b>	N/A <sup>(1)</sup>
Customer D	<b>N/A<sup>(1)</sup></b>	5,812
Customer E	<b>18,586</b>	N/A <sup>(1)</sup>

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

## Notes to the Consolidated Financial Statements (cont'd)

### 6. Revenue and other income

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

#### Revenue

	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
<b>Revenue from funds and managed accounts</b>		
Management fee income	<b>60,266</b>	43,576
Performance fee income	<b>70,481</b>	8
	<b>130,747</b>	43,584
<b>Revenue from consultancy services</b>	<b>1,266</b>	894
	<b>132,013</b>	44,478

Timing of revenue recognition:

	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
At a point in time	<b>1,266</b>	894
Over time	<b>130,747</b>	43,584
	<b>132,013</b>	44,478

The Group has applied the practical expedient of not disclosing information about remaining performance obligations that have original expected duration of one year or less.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period has not been disclosed because either of the following conditions is met:

- (i) as those performance obligations are part of customer contracts that have original expected duration of one year or less; or
- (ii) the Group has a right to receive consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

## 6. Revenue and other income (cont'd)

Other income

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Interest income	289	18
Exchange gain, net	38	245
Sundry income	1	26
	<u>328</u>	<u>289</u>

## 7. Finance cost

Finance costs mainly represent interest expense on lease liabilities.

## 8. Profit/(loss) before income tax

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) before income tax is arrived at after charging:		
Amortisation of intangible assets	22	18
Auditor's remuneration	1,430	514
Depreciation of plant and equipment	925	755
Depreciation of right-of-use assets	1,585	1,190
Employee benefits (including directors' remuneration)		
– Salaries and other benefits	47,533	29,168
– Equity-settled share-based payment expense	486	–
– Pension scheme contributions	1,007	689
	<u>49,026</u>	29,857
Interest expense on lease liabilities	120	131
Listing expense	13,094	7,495
Short-term lease expenses	682	1,539
	<u>682</u>	<u>1,539</u>

## 9. Directors' remuneration

The remuneration paid or payable to the directors of the Company (including the remuneration for services as directors/employees of the group entities prior to becoming the directors of the Company) by the Group during the year are as follows:

	<i>Fees</i> <i>HK\$'000</i>	<i>Salaries and allowances</i> <i>HK\$'000</i>	<i>Pension scheme contributions</i> <i>HK\$'000</i>	<i>Discretionary bonus</i> <i>HK\$'000</i>	<i>Total</i> <i>HK\$'000</i>
<b>Year ended 31 December 2020</b>					
<i>Executive directors:</i>					
Mr. Ralph Paul Johan van Put	–	4,162	18	2,520	6,700
Mr. Godefriedus Jelte Heijboer	–	4,207	18	2,584	6,809
Mr. Tobias Benjamin Hekster	–	3,922	124	2,564	6,610
Mr. Roy van Bakel	–	2,088	18	1,264	3,370
<i>Independent non-executive directors:</i>					
Mr. Jeronimus Mattheus Tielman	295	–	–	–	295
Ms. Wan Ting Pai	295	–	–	–	295
Mr. Ming Tak Ngai	295	–	–	–	295
	<u>885</u>	<u>14,379</u>	<u>178</u>	<u>8,932</u>	<u>24,374</u>
<b>Year ended 31 December 2019</b>					
<i>Executive directors:</i>					
Mr. Ralph Paul Johan van Put	–	3,060	18	850	3,928
Mr. Godefriedus Jelte Heijboer	–	3,278	18	600	3,896
Mr. Tobias Benjamin Hekster	–	2,995	151	–	3,146
Mr. Roy van Bakel	–	1,800	18	300	2,118
	<u>–</u>	<u>11,133</u>	<u>205</u>	<u>1,750</u>	<u>13,088</u>

Four executive directors received US\$1 each of director's fee for the year ended 31 December 2020.

On 16 March 2020, Mr. Jeronimus Mattheus Tielman, Ms. Wan Ting Pai and Mr. Ming Tak Ngai were appointed as independent non-executive directors.

There were no independent non-executive directors for the year ended 31 December 2019.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

For the year ended 31 December 2020, no emoluments was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

## 10. Five highest paid employees

An analysis of the five highest paid individuals during the year are as follows:

	<i>Number of individuals</i>	
	<i>2020</i>	<i>2019</i>
Director	4	4
Non-director	1	1
	<u>5</u>	<u>5</u>

Details of the directors' remuneration are set out in Note 9 above.

Details of the remuneration of the remaining highest paid non-director individual are as follows:

	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and other benefits	3,208	1,383
Discretionary bonus	615	184
Inducement	–	783
Pension scheme contributions	–	93
	<u>3,823</u>	<u>2,443</u>

The emolument of one (2019: one) individual with the highest emoluments are fall within the following bands:

	<i>2020</i>	<i>2019</i>
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$3,500,001 to HK\$4,000,000	1	–
	<u>1</u>	<u>1</u>

## Notes to the Consolidated Financial Statements (cont'd)

### 11. Income tax expense

(a) Income tax expense for the year represents:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax – Hong Kong Provision for the year	<u>5,084</u>	<u>250</u>
Current tax – United States		
Provision for the year	<b>3,438</b>	(17)
Under-provision in prior year	<b>56</b>	149
Withholding tax on royalty income	<u>2,790</u>	<u>–</u>
	<u>6,284</u>	<u>132</u>
	<u><b>11,368</b></u>	<u>382</u>

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

For the group entities that are domiciled and operate in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising in or derived from Hong Kong for both years, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Withholding tax has been provided at 30% of the royalty income payable from a subsidiary incorporated in the United States to a subsidiary incorporated in Hong Kong.

For the group entities that are domiciled and operate in the United States, they are subject to corporate income tax in the United States. The applicable federal income tax rate is 21% on taxable income and the applicable state income tax rate is 9.5% on State taxable income.

## 11. Income tax expense (cont'd)

(b) Income tax expense for the year can be reconciled to the profit/(loss) before income tax as follows:

	2020 HK\$'000	2019 HK\$'000
Profit/(loss) before income tax	<u>38,124</u>	<u>(20,695)</u>
Tax effect at the profits tax rate of 16.5%	6,290	(3,415)
Tax effect of income that is not taxable	(449)	(7,046)
Tax effect of expense that is not deductible	2,729	8,730
Tax effect of unrecognised depreciation allowances	62	(69)
Tax effect of unrecognised tax losses	770	2,302
Tax effect of unrecognised tax losses utilised	(2,048)	–
Tax concession	(165)	(168)
Under-provision in prior year	56	149
Effect of tax rates differential in foreign jurisdictions	<u>4,123</u>	<u>(101)</u>
Income tax expense	<u>11,368</u>	<u>382</u>

(c) The components of unrecognised deductible/(taxable) temporary differences are as follows:

	2020 HK\$'000	2019 HK\$'000
Deductible temporary differences – Note 11(c)(i)		
Unutilised tax loss	14,954	22,845
Decelerated depreciation allowances	<u>357</u>	<u>8</u>
	15,311	22,853
Taxable temporary difference – Note 11(c)(ii)		
Accelerated depreciation allowances	<u>(321)</u>	<u>(351)</u>
Net deductible temporary difference	<u>14,990</u>	<u>22,502</u>

(i) Deductible temporary differences have not been recognised in these consolidated financial statements owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. Tax losses of approximately HK\$284,000 (2019: HK\$Nil) may be carried forward for up to five years. The remaining tax losses may be carried forward indefinitely.

(ii) Taxable temporary difference has not been recognised in these consolidated financial statements owing to immateriality.

## 12. Dividend

No dividend was paid or proposed during the years ended 31 December 2020 and 2019.

The final dividend in respect of the year ended 31 December 2020 of HK\$0.02 (2019 : Nil) per share totalling HK\$8,000,000 has been proposed by the Board of Directors and is subject to the approval at the forthcoming annual general meeting of the Company.

## 13. Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 321,038,251 (2019: 300,000,000) shares in issue during the year, adjusted for the capitalisation issue in connection with the listing of the Company on 16 October 2020 as disclosed in Note 27.

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

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>Earnings/(loss)</b>		
Profit/(loss) for the year attributable to the owners of the Company	<u>26,149</u>	<u>(21,756)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>321,038,251</b>	300,000,000
Effect of dilution – weighted average number of ordinary shares: Share options - Note	<u>–</u>	<u>–</u>
	<u><b>321,038,251</b></u>	<u>300,000,000</u>

Note:

Diluted earnings per share for the year ended 31 December 2020 is the same as the basic earnings per share as there were no dilutive potential ordinary shares (2019: Diluted loss per share for the year ended 31 December 2019 is the same as the basic loss per share as there were no potential ordinary shares).

## 14. Plant and equipment

	<i>Furniture and fixtures HK\$'000</i>	<i>Computer equipment HK\$'000</i>	<i>Office equipment HK\$'000</i>	<i>Leasehold improvements HK\$'000</i>	<i>Total HK\$'000</i>
Cost:					
At 1.1.2019	252	2,500	43	315	3,110
Additions	212	837	34	1,081	2,164
At 31.12.2019 and 1.1.2020	464	3,337	77	1,396	5,274
Additions	19	476	–	–	495
<b>At 31.12.2020</b>	<b>483</b>	<b>3,813</b>	<b>77</b>	<b>1,396</b>	<b>5,769</b>
Accumulated depreciation:					
At 1.1.2019	243	2,093	43	291	2,670
Charge for the year	50	457	7	241	755
At 31.12.2019 and 1.1.2020	293	2,550	50	532	3,425
Charge for the year	75	468	12	370	925
<b>At 31.12.2020</b>	<b>368</b>	<b>3,018</b>	<b>62</b>	<b>902</b>	<b>4,350</b>
Net carrying value:					
<b>At 31.12.2020</b>	<b>115</b>	<b>795</b>	<b>15</b>	<b>494</b>	<b>1,419</b>
At 31.12.2019	171	787	27	864	1,849

## 15. Right-of-use assets

	<i>Office premise</i> <i>HK\$'000</i>
Cost:	
At 1.1.2019	–
Additions	4,745
	<hr/>
<b>At 31.12.2019, 1.1.2020 and 31.12.2020</b>	<b>4,745</b>
	<hr/>
Accumulated depreciation:	
At 1.1.2019	–
Charge for the year	1,190
	<hr/>
At 31.12.2019 and 1.1.2020	1,190
Charge for the year	1,585
	<hr/>
<b>At 31.12.2020</b>	<b>2,775</b>
	<hr/>
Net carrying value:	
<b>At 31.12.2020</b>	<b>1,970</b>
	<hr/> <hr/>
At 31.12.2019	3,555
	<hr/> <hr/>

The Group leases various offices for its operations. Lease contracts are entered into for fixed term of four months to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group is not allowed to sublet the premise unless prior approval is given by the landlord in writing.

Lease contracts with lease term of one year or less are classified as short-term leases. Lease contracts with lease term of more than one year is reflected on the consolidated statement of financial position as right-of-use assets and lease liabilities.

## 16. Intangible assets

Cost:	<b>Cost of self- developed software HK\$'000</b>	<b>Software HK\$'000</b>	<b>Total HK\$'000</b>
At 1.1.2019	3,212	74	3,286
Additions	–	61	61
<b>At 31.12.2019, 1.1.2020 and 31.12.2020</b>	<b>3,212</b>	<b>135</b>	<b>3,347</b>
Accumulated amortisation:			
At 1.1.2019	3,212	58	3,270
Charge for the year	–	18	18
At 31.12.2019 and 1.1.2020	3,212	76	3,288
Charge for the year	–	22	22
<b>At 31.12.2020</b>	<b>3,212</b>	<b>98</b>	<b>3,310</b>
Net carrying value:			
<b>At 31.12.2020</b>	<b>–</b>	<b>37</b>	<b>37</b>
At 31.12.2019	–	59	59

## 17. Investments in associates

	<b>2020 HK\$'000</b>	<b>2019 HK\$'000</b>
Cost of unlisted investments in associates	<b>8,015</b>	4,727
Share of result	<b>(56)</b>	(179)
Accumulated impairment loss	<b>(4,520)</b>	(4,520)
Exchange realignment	<b>(39)</b>	(28)
	<b>3,400</b>	–

## 17. Investments in associates (cont'd)

(a) As at 31 December 2020, the Group had interests in the following associates established and operating in the People's Republic of China.

Name of associates	Registered and paid up capital	Percentage of ownership interest held by the Group 2020	2019	Principal activities
群益志投科技(成都)有限公司 (Capital True Partner Technology Co., Ltd.)	RMB1,000,000	49%	49%	Provision of IT software development services
浙江紅藍牧投資管理有限公司 (Holland & Muh Investment Management Co., Ltd.)	RMB10,000,000	30%	N/A	Provision of investment management services

On 31 December 2019, Chengdu HuLi Management Consulting Limited (“CHMC”), a subsidiary of the Company entered into a Capital Increase Framework Agreement with independent third parties, pursuant to which CHMC agreed to make capital injection of RMB3,000,000 to Holland & Muh Investment Management Co., Ltd. (“Holland & Muh”), a limited liability company established in the People's Republic of China. Upon completion, CHMC holds 30% of the equity interest of Holland & Muh.

In May 2020, the Group made the capital injection and Holland & Muh became an associate of the Group.

(b) Summarised financial information of the associates are as follows:

	Capital True Partner Technology Co., Ltd. HK\$'000	Holland & Muh Investment Management Co., Ltd. HK\$'000
<b>As at 31 December 2020</b>		
Gross amounts of the associates		
Current assets	1,073	10,302
Non-current assets	739	16
Current liabilities	424	19
Non-current liabilities	–	–
Net assets	1,388	10,299
<b>For the year ended 31 December 2020</b>		
Revenue	5,212	20
Profit/(loss) for the year	297	(768)
Other comprehensive income	–	–
Total comprehensive income/(loss) for the year	297	(768)

## 17. Investments in associates (cont'd)

**Capital True  
Partner  
Technology  
Co., Ltd.  
HK\$'000**

**As at 31 December 2019**

Gross amounts of the associate	
Current assets	1,474
Non-current assets	832
Current liabilities	1,218
Non-current liabilities	75
Net assets	1,013

**For the year ended 31 December 2019**

Revenue	5,848
Profit for the year	559
Other comprehensive income	–
Total comprehensive income for the year	559

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

	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>		
At fair value:		
Investment in an unlisted investment fund – Note 18(a)	<u>19,712</u>	<u>18,428</u>
<b>Current liabilities</b>		
At fair value:		
Short position with the underlying equity securities listed in Hong Kong	<u>2</u>	<u>2</u>

Note:

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

## Notes to the Consolidated Financial Statements (cont'd)

### 19. Financial assets at fair value through other comprehensive income

	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
Unlisted shares, at fair value – Note 19(a)	<u><b>2,827</b></u>	<u>3,738</u>

Note:

(a) The investment represents equity interest in an unlisted company incorporated in Hong Kong.

### 20. Accounts receivable

	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
Consultancy service fee receivable	<b>939</b>	561
Management fee receivable	<b>9,977</b>	6,228
Performance fee receivable	<u><b>25,283</b></u>	<u>8</u>
	<u><b>36,199</b></u>	<u>6,797</u>

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

	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
Less than 30 days	<b>36,010</b>	6,524
31 – 60 days	–	144
61 – 90 days	–	–
Over 90 days but less than 1 year	<u><b>189</b></u>	<u>129</u>
	<u><b>36,199</b></u>	<u>6,797</u>

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

	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
Not past due	<b>35,260</b>	6,236
1 – 30 days	<b>750</b>	288
31 – 60 days	–	144
Over 90 days but less than 1 year	<u><b>189</b></u>	<u>129</u>
	<u><b>36,199</b></u>	<u>6,797</u>

## 21. Other receivables

	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
Deposits	1,086	1,207
Other receivables	8,877	733
Prepayments	3,150	1,404
Prepaid listing expenses	—	1,523
	<u>13,113</u>	<u>4,867</u>

## 22. Amount due from an associate

The amount due was non-trade in nature, interest-free, unsecured and fully settled in May 2020.

## 23. Cash and cash equivalents

Cash and cash equivalents consist entirely of cash on hand and balance with banks.

## 24. Accruals and other payables

	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
Accrued employee benefits	15,385	4,176
Accrued listing expenses	—	2,329
Accrued expenses	3,439	2,322
Other payables	6,491	2,049
	<u>25,315</u>	<u>10,876</u>

## 25. Lease liabilities

The remaining contractual maturities of lease liabilities are as follows:

	<i>Minimum lease payments</i>		<i>Present value of minimum lease payments</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>
Within 1 year	1,744	1,744	1,690	1,624
More than 1 year but within 2 years	436	1,744	433	1,690
More than 2 years but within 5 years	—	436	—	433
	<u>2,180</u>	<u>3,924</u>	<u>2,123</u>	<u>3,747</u>
Less:				
Future interest expense	<u>(57)</u>	<u>(177)</u>		
Present value of lease liabilities	<u>2,123</u>	<u>3,747</u>		

The total cash outflow for leases for the year ended 31 December 2020 was HK\$2,426,000 (2019: HK\$2,668,000).

## 26. Share-based payment transactions

*Share option scheme*

The Pre-IPO Share Option Scheme (“**the Scheme**”) was conditionally adopted pursuant to the written resolutions of all shareholders passed on 13 February 2020. The purpose of the Scheme is to recognise and acknowledge the contributions made by certain employees of the Group to the growth of the Group by granting options to them as rewards and further incentives. The Scheme is conditional on the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the shares of the Company which may be issued pursuant to the exercise of options grant under the Scheme.

The Scheme will be valid and effective for a period of 2 years commencing on the date that the shares of the Company are listed on the Stock Exchange (the “**Listing Date**”).

As at 31 December 2020, options to subscribe for an aggregate of 8,997,804 ordinary shares representing not more than 2.25% of the total issued share capital of the Company upon completion of the listing of the Company were granted under the Scheme. The maximum number of shares issuable under share options to each grantee does not exceed 1% of the shares of the Company in issue. No further options will be offered or granted under the Scheme. A total of 13 employees have been granted options under the Scheme on 14 February 2020, prior to the Listing Date. HK\$1 was given by each of the grantees as the consideration for the share options. The vesting date of the options is the second anniversary of the Listing Date. Each option granted under the Scheme is exercisable for a period of six months after the vesting date and the exercise price is HK\$0.7 per share option.

## 26. Share-based payment transactions (cont'd)

*Share option scheme (cont'd)*

Details of the movements of the share options granted pursuant to the Scheme during the year are as follows:

	<b>Number of share options</b>	
	<b>2020</b>	<b>2019</b>
Outstanding at beginning of the year	–	–
Granted during the year	<b>8,997,804</b>	–
Forfeited during the year	–	–
Exercised during the year	–	–
Expired during the year	–	–
	<b>8,997,804</b>	–
Exercisable at the end of the year	–	–

The fair value of the share option granted under the Scheme was approximately HK\$4,641,000. During the year, the Group recognised equity-settled share-based payment expense of approximately HK\$486,000 (2019: Nil) in profit or loss with the corresponding amount being recognised in share option reserve in equity.

The fair value of the share options granted was estimated as at the Listing Date, i.e. 16 October 2020, using binomial option pricing model taking into account the terms and conditions which the share options were granted. The following principal assumptions were used in the valuation:

Risk free rate	0.15%
Option period	2 years
Expected volatility	53.15%
Dividend yield	0%

## Notes to the Consolidated Financial Statements (cont'd)

### 27. Share capital

	<i>Number of shares</i>	<i>Share capital HK\$'000</i>	<i>Share premium HK\$'000</i>	<i>Total HK\$'000</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each At 1.1.2019, 31.12.2019 and 1.1.2020	1,000,000	10		
Share creation – Note b	<u>9,999,000,000</u>	<u>99,990</u>		
<b>At 31.12.2020</b>	<b><u>10,000,000,000</u></b>	<b><u>100,000</u></b>		
<b>Issued and fully paid:</b>				
At 1.1.2019, 31.12.2019 and 1.1.2020	218,220	2	32,484	32,486
Capitalisation issue – Note c	299,781,780	2,998	(2,998)	–
Issue of new ordinary shares, net of payment of listing expense – Note d	<u>100,000,000</u>	<u>1,000</u>	<u>123,588</u>	<u>124,588</u>
<b>At 31.12.2020</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>

Notes:

(a) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 23 November 2018. Upon its incorporation, the authorised share capital of HK\$10,000 was divided into 1,000,000 ordinary shares at HK\$0.01 each.

(b) On 22 September 2020, by the creation of an additional 9,999,000,000 shares, the authorised share capital of the Company was increased from HK\$10,000 divided into 1,000,000 shares each to HK\$100,000,000 divided into 10,000,000,000 shares of par value HK\$0.01 each.

(c) Pursuant to the resolutions of all Shareholders passed on 22 September 2020, subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of allotment and issuance of new shares pursuant to the Share Offer, Directors are authorised to allot and issue a total of 299,781,780 shares credited as fully paid at par to the holders of shares on the register of members of the Company at the closing of business on 10 September 2020 in proportion to their shareholdings by way of capitalisation of the sum of approximately HK\$2,997,818 standing to the credit of the share premium account of the Company.

(d) On 16 October 2020, 100,000,000 new shares of HK\$0.01 each of the Company were issued at a price of HK\$1.40 per share, upon the Public Offering and listing of the shares of the Company on the Stock Exchange. The proceeds of HK\$1,000,000 representing the par value of the new shares of the Company were credited to the Company's share capital. The remaining proceeds of approximately HK\$139,000,000, before issue expenses, were credited to the Company's share premium.

## 28. Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The capital structure of the Group consists of equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group's capital structure is actively and regularly reviewed and managed by the Directors of the Company. Adjustments are made to the capital structure such as to issue new shares or to adjust dividend payment to shareholders in light of changes in economic conditions affecting the Group. The Group's overall strategy remains unchanged throughout the year.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes accruals and other payables, financial liabilities at fair value through profit or loss, lease liabilities and tax payable, net of cash and cash equivalents. Capital includes equity attributable to owners of the Company.

	2020 HK\$'000	2019 HK\$'000
Payable to a broker	-	97
Accruals and other payables	25,315	10,876
Financial liabilities at fair value through profit or loss	2	2
Lease liabilities	2,123	3,747
Tax payable	4,778	11,112
Less: cash and cash equivalents	<u>(188,589)</u>	<u>(69,765)</u>
Net cash	<u>(156,371)</u>	<u>(43,931)</u>

As at 31 December 2020 and 2019, the Group had net cash and accordingly, no gearing ratios were presented.

One of the subsidiaries of the Company are registered with Hong Kong Securities and Futures Commission (“**Regulated Subsidiary**”) and are subject to liquid capital requirements under Hong Kong Securities and Futures (Financial Resources) Rules (“**SF(FR)R**”) of the Hong Kong Securities and Futures Ordinance (“**SFO**”). Under the SF(FR)R, the subsidiary must maintain its liquid capital (assets and liabilities adjusted as determined by SF(FR)R) in excess of HK\$100,000 or 5% of their total adjusted liabilities, whichever is higher. Other than this, the Regulated Subsidiary is not subject to any externally imposed capital requirements. The Directors closely monitor, on a daily basis, the liquid capital level to ensure compliance with the liquid capital requirements under SF(FR)R. This externally imposed capital requirement has been complied with by the Regulated Subsidiary during the year.

## Notes to the Consolidated Financial Statements (cont'd)

### 29. Reserves

The amount of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

### 30. Related party transactions

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

<i>Name of related parties</i>	<i>Nature of transactions</i>	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
True Partner Fund ("TPF")	Management and performance fee income	(i), (ii)	<b>82,826</b>	31,942
True Partner Volatility Fund ("TPVF")	Management and performance fee income	(i), (iii)	<u><b>16,170</b></u>	<u>3,791</u>

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

(ii) For the year ended 31 December 2020, included in the management and performance fee income from TPF is an amount of HK\$697,500 (2019: HK\$320,000) respectively attributable to the investments in TPF held by True Partner Advisor Limited, a subsidiary of the Company.

(iii) For the year ended 31 December 2020, included in the management and performance fee income from TPVF is an amount of approximately HK\$62,000 (2019: HK\$57,000) respectively attributable to the investments in TPVF held by a Director of the Company.

### (b) Compensation of key management personnel

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Short-term employee benefits	<b>24,196</b>	12,883
Pension scheme contributions	<u><b>178</b></u>	<u>205</u>
	<u><b>24,374</b></u>	<u>13,088</u>

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.

**31. Operating lease commitments**

As at 31 December 2020, the Group had the following commitments for future minimum lease payments in respect of short-term leases.

	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
Within one year	<u>143</u>	<u>113</u>

**32. Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows arising from financing activities.

	<b>Lease liabilities</b> <b>HK\$'000</b>
At 1.1.2019	<u>—</u>
Changes from financing cash flows:	
Principal element of lease rentals payment	(998)
Interest paid	<u>(131)</u>
	<u>(1,129)</u>
Other changes:	
Increase in lease liabilities from entering into new leases	4,745
Interest expense	<u>131</u>
	<u>4,876</u>
At 31.12.2019 and 1.1.2020	<u>3,747</u>
Changes from financing cash flows:	
Principal element of lease rentals payment	(1,624)
Interest paid	<u>(120)</u>
	<u>(1,744)</u>
Other changes:	
Interest expense	<u>120</u>
<b>At 31.12.2020</b>	<u><b>2,123</b></u>

## Notes to the Consolidated Financial Statements (cont'd)

### 33. Financial instruments

#### (a) Categories of financial instruments

At 31 December 2020

	<i>Financial assets</i>			<i>Total HK\$'000</i>
	<i>Financial assets at amortised cost HK\$'000</i>	<i>Financial assets at fair value through profit or loss HK\$'000</i>	<i>Financial assets at fair value through other comprehensive income HK\$'000</i>	
Financial assets at fair value through profit or loss	–	19,712	–	19,712
Financial assets at fair value through other comprehensive income	–	–	2,827	2,827
Accounts receivable	36,199	–	–	36,199
Other receivables	13,113	–	–	13,113
Deposits placed with a broker	69	–	–	69
Cash and cash equivalents	188,589	–	–	188,589
	<b>237,970</b>	<b>19,712</b>	<b>2,827</b>	<b>260,509</b>

	<i>Financial liabilities</i>			<i>Total HK\$'000</i>
	<i>Financial liabilities at amortised cost HK\$'000</i>	<i>Financial liabilities at fair value through profit or loss HK\$'000</i>	<i>Financial liabilities at fair value through other comprehensive income HK\$'000</i>	
Accruals and other payables	25,315	–	–	25,315
Financial liabilities at fair value through profit or loss	–	–	2	2
Lease liabilities	2,123	–	–	2,123
	<b>27,438</b>	<b>–</b>	<b>2</b>	<b>27,440</b>

## 33. Financial instruments (cont'd)

## (a) Categories of financial instruments (cont'd)

At 31 December 2019

	<i>Financial assets</i>			<i>Total HK\$'000</i>
	<i>Financial assets at amortised cost HK\$'000</i>	<i>Financial assets at fair value through profit or loss HK\$'000</i>	<i>Financial assets at fair value through other comprehensive income HK\$'000</i>	
Financial assets at fair value through profit or loss	–	18,428	–	18,428
Financial assets at fair value through other comprehensive income	–	–	3,738	3,738
Accounts receivable	6,797	–	–	6,797
Other receivables	4,867	–	–	4,867
Deposits placed with a broker	173	–	–	173
Amount due from an associate	471	–	–	471
Cash and cash equivalents	69,765	–	–	69,765
	<u>82,073</u>	<u>18,428</u>	<u>3,738</u>	<u>104,239</u>

	<i>Financial liabilities</i>		
	<i>Financial liabilities at amortised cost HK\$'000</i>	<i>Financial liabilities at fair value through profit or loss HK\$'000</i>	<i>Total HK\$'000</i>
Payable to a broker	97	–	97
Accruals and other payables	10,876	–	10,876
Financial liabilities at fair value through profit or loss	–	2	2
Lease liabilities	3,747	–	3,747
	<u>14,720</u>	<u>2</u>	<u>14,722</u>

## 33. Financial instruments (cont'd)

### (b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, accounts receivable, other receivables, deposits placed with a broker, amount due from an associate, cash and cash equivalents, payable to a broker, accruals and other payables, financial liabilities at fair value through profit or loss and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below summaries the Group's financial assets and financial liabilities exposed to currency risk as at 31 December 2020.

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<i>Financial assets denominated in foreign currencies:</i>		
Accounts and other receivables	<b>42</b>	54
Amount due from an associate	–	471
Deposits placed with a broker	<b>21</b>	141
Cash and bank balances	<b>27,506</b>	19,520
<i>Financial liabilities denominated in foreign currencies:</i>		
Accruals and other payables	<b>(2,505)</b>	(1,823)
Net financial assets exposed to currency risk	<b>25,064</b>	18,363

## 33. Financial instruments (cont'd)

## (b) Financial risk management objectives and policies (cont'd)

*Currency risk (cont'd)*

The Group's financial assets and liabilities exposed to currency risk were denominated in the following currencies:

	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
United States dollar	<b>24,055</b>	17,950
Hong Kong dollar	<b>1,251</b>	183
Renminbi	<b>(64)</b>	471
Australian dollar	–	22
Swiss Franc	<b>21</b>	19
South Korean Won	–	17
Euro	<b>491</b>	603
Pound Sterling	<b>(690)</b>	(839)
Singapore dollar	–	(63)
	<b>25,064</b>	18,363

Since Hong Kong dollar is pegged to United States dollar, material fluctuations in the exchange rates of Hong Kong dollar against United States dollar are remote.

Should Hong Kong dollar as at 31 December 2020 devalue by 10% against other foreign currencies except United States dollar, the Group's carrying amount of net financial liabilities (2019: assets) exposed to currency risk as at 31 December 2020 in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would increase and the Group's equity at 31 December 2020 would decrease (2019: increase) by approximately HK\$24,000 (2019: HK\$23,000), profit for the year would decrease by approximately HK\$24,000 (2019: loss for the year decrease by approximately HK\$23,000).

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group did not have any significant interest rate risk.

### 33. Financial instruments (cont'd)

#### (b) Financial risk management objectives and policies (cont'd)

##### *Equity price risk*

The Group is exposed to equity price risk mainly through its investment in listed equity securities, which is classified as financial assets at fair value through profit or loss. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

##### *Equity price sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. A 10% change represents the management's assessment of a reasonably possible change in equity price.

If equity prices had been 10% higher/lower, with other variables held constant, the Group's post-tax profit for the year ended 31 December 2020 would increase/decrease by less than HK\$1,000 (2019: post-tax loss would decrease/increase by less than HK\$1,000). This is mainly due to the changes in fair value of held-for-trading financial assets at fair value through profit or loss.

##### *Credit risk management*

As at 31 December 2020 and 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Directors of the Company closely monitor the overall level of credit exposure, and the management is responsible for the determination of credit approvals and monitoring the implementation of the debt collection procedure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate loss allowances are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk has been significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation or high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

### 33. Financial instruments (cont'd)

#### (b) Financial risk management objectives and policies (cont'd)

##### *Credit risk management – accounts receivable*

In respect of accounts receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payment when due and adjusted for forward-looking factors specific to the customers and the economic environment which could affect customers' ability to pay, and take into account information specific to the customer. The Group does not obtain collateral from customers. The Group expects there are insignificant ECLs on accounts receivable following the credit evaluation of the customers and their repayment history, and therefore the ECL rate is zero.

##### *Credit risk management – other receivables, deposits placed with a broker and amount due from an associate*

The Group measures the loss allowance equal to 12-month ECL of other receivables. For those balances expected to have significant increase in credit risk since initial recognition, the Group applies lifetime ECL based on aging for classes with different credit risk characteristics and exposures.

The 12-month ECL calculated by the Group is not significant and there has been no significant increase in credit risk since initial recognition. The ECL rate is zero.

##### *Credit risk management – Cash and cash equivalents*

Cash and cash equivalents are placed at financial institutions that have sound credit ratings assigned by international credit-rating agencies and the Group considers the credit risk to be insignificant.

##### *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the Directors of the Company, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

33. Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

*Liquidity table*

The following table summarises the maturity profile of the Group's financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows.

	<i>On demand or within 1 year HK\$'000</i>	<i>More than 1 year but less than 2 years HK\$'000</i>	<i>More than 2 years but less than 5 years HK\$'000</i>	<i>Total undiscounted cash flows HK\$'000</i>	<i>Carrying amount HK\$'000</i>
<b>At 31 December 2020</b>					
Accruals and other payables	25,315	–	–	25,315	25,315
Lease liabilities	1,744	436	–	2,180	2,123
	<u>27,059</u>	<u>436</u>	<u>–</u>	<u>27,495</u>	<u>27,438</u>
<b>At 31 December 2019</b>					
Payable to a broker	97	–	–	97	97
Accruals and other payables	10,876	–	–	10,876	10,876
Lease liabilities	1,744	1,744	436	3,924	3,747
	<u>12,717</u>	<u>1,744</u>	<u>436</u>	<u>14,897</u>	<u>14,720</u>

(c) Fair value measurements of financial instruments

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 – unobservable inputs for the asset or liability.

## 33. Financial instruments (cont'd)

## (c) Fair value measurements of financial instruments (cont'd)

The following table presents the Group's financial assets and financial liabilities that are measured at fair value:

	<b>2020</b>			
	<b>Level 1 HK\$'000</b>	<b>Level 2 HK\$'000</b>	<b>Level 3 HK\$'000</b>	<b>Total HK\$'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
– Unlisted investment funds	–	19,712	–	19,712
Financial assets at fair value through other comprehensive income				
– Unlisted shares	–	–	2,827	2,827
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss				
– Short position	(2)	–	–	(2)
	<u>(2)</u>	<u>19,712</u>	<u>2,827</u>	<u>22,537</u>
<b>2019</b>				
	<b>Level 1 HK\$'000</b>	<b>Level 2 HK\$'000</b>	<b>Level 3 HK\$'000</b>	<b>Total HK\$'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
– Unlisted investment funds	–	18,428	–	18,428
Financial assets at fair value through other comprehensive income				
– Unlisted shares	–	–	3,738	3,738
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss				
– Short position	(2)	–	–	(2)
	<u>(2)</u>	<u>18,428</u>	<u>3,738</u>	<u>22,164</u>

33. Financial instruments (cont'd)

(c) Fair value measurements of financial instruments (cont'd)

The following table presents the changes in Level 3 of financial instruments during the year.

	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
<b>Unlisted shares</b>		
At beginning of the year	<b>3,738</b>	4,797
Changes in fair value recognised in other comprehensive income	<b>(911)</b>	(1,059)
At end of the year	<b>2,827</b>	3,738

The fair value of investment in unlisted investment fund that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, either directly (as prices) or indirectly (derived from prices), the instrument is included in Level 2.

The underlying investments held by the unlisted investment fund include active listed equities and exchange traded derivatives, which are classified within Level 1. The fair value of the unlisted investment fund is stated with reference to the net asset value provided by the relevant administrator of the investment fund, which is measured with reference to market values of the underlying investments in listed equity securities and derivatives, adjusted for balances of other financial instruments.

The fair value of unlisted shares classified as financial assets at fair value through other comprehensive income was determined using the price to book ratio (P/B ratio) of comparable listed companies adjusted by lack of marketability discount, which is Level 3 of the fair value hierarchy.

Information about Level 3 fair value measurements is as follows:

	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Percentage</b>
Financial assets at fair value through other comprehensive income	Market comparable companies	Discount for lack of marketability	15.8

The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2020, it was estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 10% would have increased/decreased the Group's other comprehensive income for the year by approximately HK\$53,000 (2019: HK\$70,000) respectively.

**34. Non-controlling interests**

The following table lists out the information of True Partner Advisor Hong Kong Limited, the only subsidiary of the Group which has a non-controlling interest. The summarised financial information presented below represents the amounts before any inter-company elimination.

	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
Current assets	<b>27,341</b>	20,821
Non-current assets	<b>91</b>	186
Current liabilities	<b>16,688</b>	11,501
Non-current liabilities	<b>–</b>	–
Net assets	<b>10,744</b>	9,506
	<b>2020</b> <b>HK\$'000</b>	<b>2019</b> <b>HK\$'000</b>
Revenue	<b>41,588</b>	33,228
Profit for the year	<b>1,238</b>	1,386
Other comprehensive income	<b>–</b>	–
Total comprehensive income for the year	<b>1,238</b>	1,386

**35. Events after the reporting period**

i. The Group has established two wholly owned subsidiaries - True Partner Capital Netherlands Holding B.V. and True Partner Capital Netherlands B.V. which are incorporated in the Netherlands on 9 February 2021.

ii. By a written agreement dated 26 February 2021, True Partner Holding Limited, a subsidiary of the Company, guaranteed to provide the funds required by its fellow subsidiaries, True Partner Capital Netherlands Holding B.V. and True Partner Capital Netherlands B.V., for implementation of business plan and achievement of the business objectives in the Netherlands. The term of this guarantee is 3 years and extendable for 1 year by mutual agreement.

## Notes to the Consolidated Financial Statements (cont'd)

### 36. Statement of financial position of the Company

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>Non-current asset</b>		
Investments in subsidiaries	<u>32,486</u>	<u>32,486</u>
<b>Current assets</b>		
Other receivables	1,679	1,527
Cash and cash equivalents	<u>113,357</u>	<u>18</u>
	<u>115,036</u>	<u>1,545</u>
<b>Current liabilities</b>		
Accruals and other payables	975	2,548
Amount due to a subsidiary	<u>15,112</u>	<u>7,176</u>
	<u>16,087</u>	<u>9,724</u>
<b>Net current assets/(liabilities)</b>	<u>98,949</u>	<u>(8,179)</u>
<b>Net assets</b>	<u>131,435</u>	<u>24,307</u>
<b>Capital and reserves</b>		
Share capital	157,074	32,486
Reserves	<u>(25,639)</u>	<u>(8,179)</u>
<b>Total equity</b>	<u>131,435</u>	<u>24,307</u>

## 37. Particulars of principal subsidiaries of the Company

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation and operation	Issued and fully paid-up capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			2020	2019	
True Partner Holding Limited	Hong Kong	HK\$27,643,260	100%	100%	Investment holding and provision of management services
Chengdu HuLi Management Consulting Limited	People's Republic of China	RMB3,500,000	100%	100%	Providing business consultancy services
T8 Software Consulting Limited	Hong Kong	HK\$1	100%	100%	Software sublicense and providing consultancy services
True Partner Advisor Limited	The Cayman Islands and Hong Kong	US\$1	100%	100%	Acting as an investment manager
True Partner Advisor Hong Kong Limited	Hong Kong	HK\$500,000	51%	51%	Providing investment management services
True Partner Capital USA Holding, Inc.	United States	US\$10	100%	100%	Providing investment management services and investment holding
True Partner Capital USA, LLC	United States	US\$692,000	100%	100%	Providing investment management services
True Partner China Holding Limited	Hong Kong	HK\$3,150,000	100%	100%	Investment holding and provision of software development and supporting services
True Partner Consulting Limited	Hong Kong	HK\$100	100%	100%	Provision of training courses and seminars services
True Partner Research Hong Kong Limited	Hong Kong	HK\$100	100%	100%	Providing consultancy services

# Financial Summary

A summary of the combined statement of comprehensive and of the asset and liabilities of the Group for the last three financial years, as extracted from the published audited financial statement, is set out below:

## Result

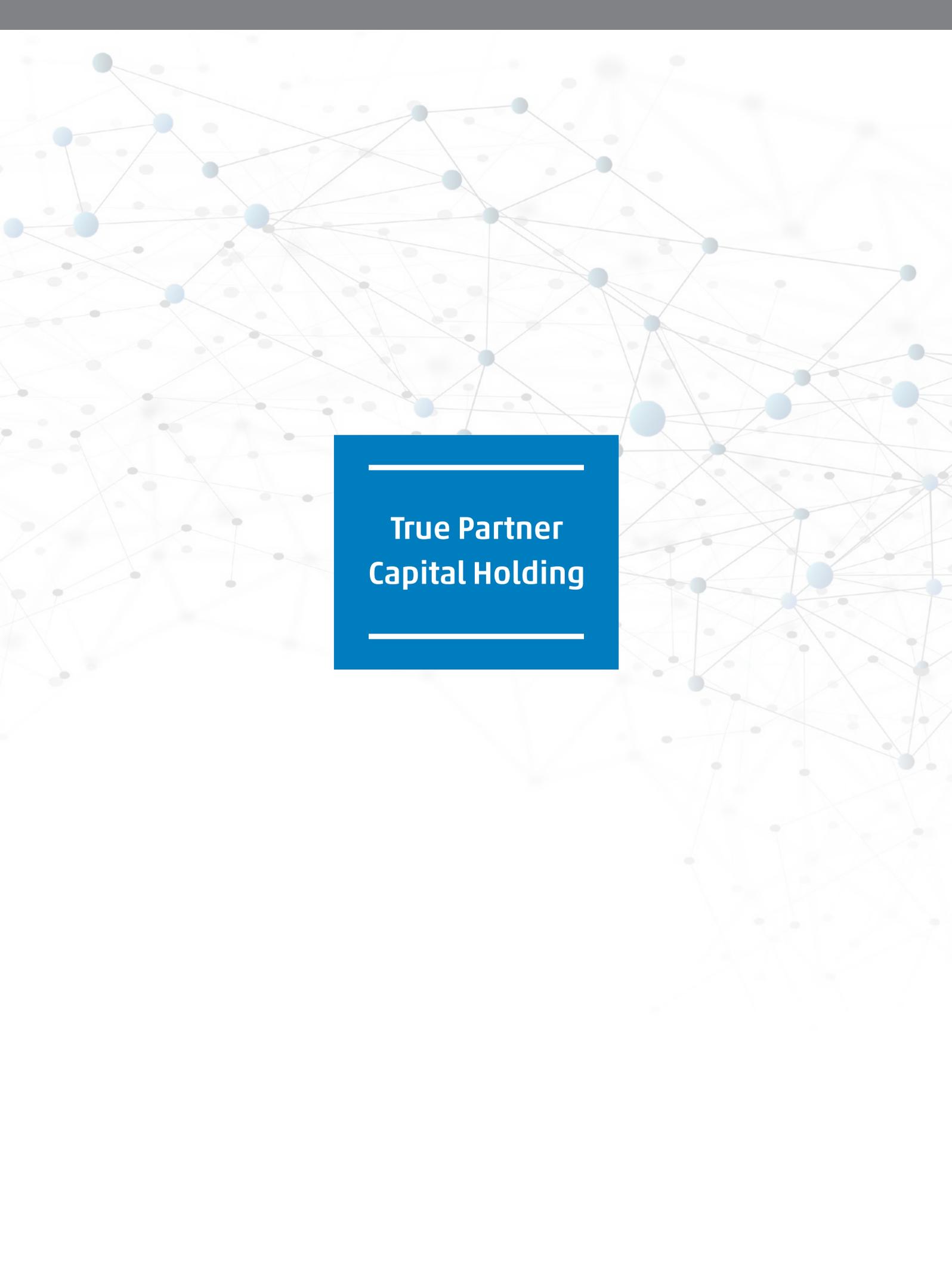
	<i>Year ended 31 December</i>		
	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	<b>132,013</b>	44,478	158,171
Gross profit	<b>119,777</b>	37,584	146,424
Operating profit	<b>36,838</b>	(19,338)	97,557
Profit/(loss) before income tax for the year	<b>38,124</b>	(20,695)	97,829
Income tax expense	<b>(11,368)</b>	(382)	(12,803)
Profit/(loss) for the year	<b>26,756</b>	(21,077)	85,026
<b>Non-HKFRS measures</b>			
Adjusted net profit/(loss) attributable to owners of the Company - Note	<b>39,243</b>	(14,261)	84,030

## Asset and Liabilities

	<i>As at 31 December</i>		
	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets	<b>29,365</b>	27,629	13,278
Current assets	<b>239,556</b>	83,926	127,359
Current liabilities	<b>(31,785)</b>	(23,711)	(32,780)
Net current assets	<b>207,771</b>	60,215	94,579
Non-current liabilities	<b>(433)</b>	(2,123)	–
Net assets	<b>236,703</b>	85,721	107,857

Note:

Adjusted net profit/(loss) attributable to owners of the Company is unaudited and represents profit/(loss) for the year attributable to owners of the Company adding back listing expenses.

A background network diagram consisting of numerous light blue and grey nodes connected by thin grey lines, creating a complex web of connections. The nodes vary in size, with some being significantly larger than others. The overall aesthetic is clean and modern, typical of a corporate or financial presentation.

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**True Partner  
Capital Holding**

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