

Global Fund Management &
Trading Technology

True Partner
Capital Holding



A global volatility hedge fund asset management company, serving clients since 2010

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

Interim Report 2020



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.*



True Partner at a glance

Established in 2010 by a team of former market makers, the Company 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 over 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 U.S. and Europe

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
 (ICSA) (HKICS)

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

Principal banker

DBS Bank (Hong Kong) Limited

Stock code

8657

Company website

www.truepartnercapital.com

Results

The board of directors of the Company (the “**Board**”) is pleased to announce the audited interim results of the Company and its subsidiaries (together as the “**Group**”) for the six months ended 30 June 2020 (the “**Reporting Period**”) together with the comparative figures of the corresponding period in 2019 as set out below:

Financial highlights

	1H2020 HK\$,000	1H2019 HK\$,000	Percentage Change
Total revenue	73,087	19,577	273
Revenue from fund management business	72,571	19,244	277
Revenue from consultancy services	516	333	55
Gross profit	67,710	16,321	315
Operating profit/(loss) <i>Note 1</i>	19,383	(5,114)	N/A
Profit/(loss) for the period	13,176	(5,927)	N/A
Profit/(loss) attributable to owners of the Company	12,790	(6,237)	N/A
Total comprehensive income/(loss)	11,854	(6,323)	N/A
Non-HKFRS: adjusted net profit/(loss) <i>Note 2</i>	24,358	(6,237)	N/A
Earnings/(loss) per share (HK cents)			
– Basic and diluted <i>Note 3</i>	4.26	(2.08)	N/A
Non-HKFRS: adjusted earnings/(loss) per share (HK cents) <i>Note 4</i>	8.12	(2.08)	N/A

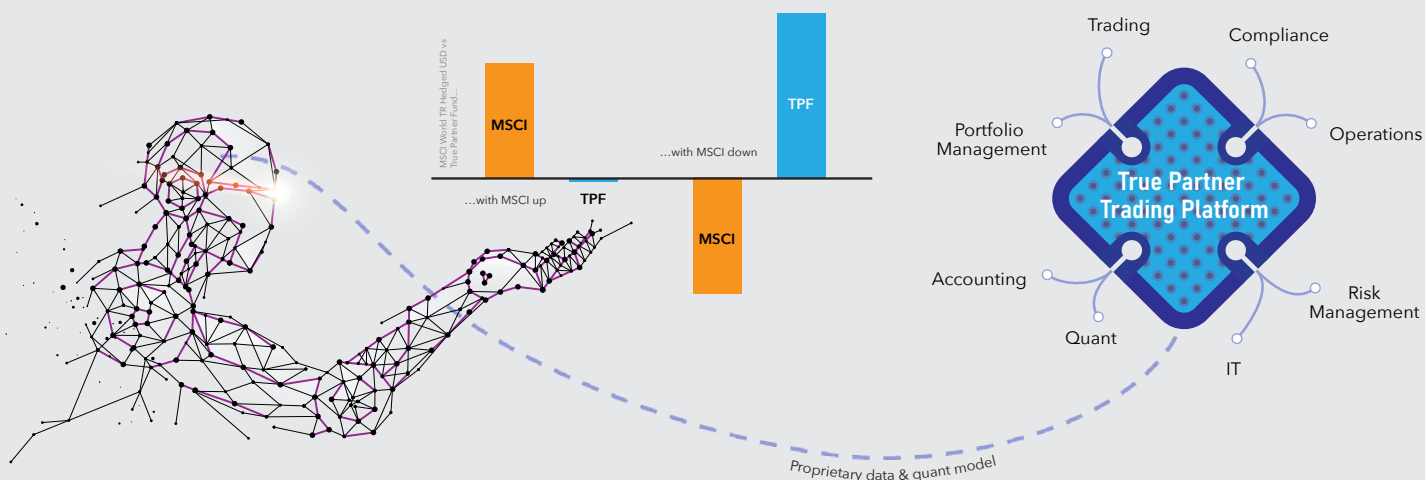
Notes

- 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 period 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 period. For further details, please refer to the section titled “Management Discussion and Analysis” below.
- The calculation of basic earnings/(loss) per share amount is based on the profit for the period attributable to owners of the Company of HK\$12,790,000 (2019: loss of HK\$6,237,000), and the weighted average number of ordinary shares of 300,000,000 (2019: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company after the end of the reporting period.
- Adjusted earnings/(loss) per share is unaudited and represents adjusted net profit/(loss) divided by the weighted average number of ordinary shares of 300,000,000 (2019: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company after the end of the reporting period.

TEAM

TRADING

TECHNOLOGY



MSCI: MSCI Inc. (formerly Morgan Stanley Capital International and MSCI Barra)
TPF: True Partner Fund

Selected Business and Financial Highlights

- Amid the challenging global backdrop created by the COVID-19 pandemic, the equity market environment for the 6 months ended 30 June 2020 (“**1H2020**”) saw an increase in volatility relative to the immediately preceding months and relative to the 6 months ended 30 June 2019 (“**1H2019**”). The **more volatile environment led to increased trading opportunities** for our strategies.
- Our relative value trading strategy generated strong returns in 1H2020, resulting in positive performance across our funds and managed accounts¹. This helped to drive a **significant increase in revenues, profits and comprehensive income** relative to 1H2019.
- The Group’s assets under management increased (the “**AUM**”) from US\$1,138 million as of 31 December 2019 to US\$1,357 million as of 30 June 2020, representing a US\$219 million or 19% increase over 1H2020. Growth in AUM was driven by positive performance and by net inflows. The **growth in AUM** in 1H2020 was higher in absolute terms than in 1H2019 (growth of US\$219 million in 1H2020 as compared to growth of US\$193 million in 1H2019).
- Revenues grew from HK\$19.6 million in 1H2019 to HK\$73.1 million in 1H2020, representing an increase of 273%. The Group saw growth in both management fees and performance fees, reflecting growth in AUM and **strong investment performance** during 1H2020. Performance fees were a substantial contributor to revenue growth in 1H2020 as compared to an immaterial impact in 1H2019.

- **The Group's profit before income tax was HK\$21.7 million** in 1H2020, as compared to a loss of HK\$5.8 million in 1H2019. The figures in 1H2020 represent **a pre-tax profit margin of 30%. Profit for the period was HK\$13.2 million** in 1H2020, as compared to a loss of HK\$5.9 million in 1H2019. The figures in 1H2020 represent a profit margin of 18%. Profit for the period attributable to owners of the Company was HK\$12.8 million in 1H2020, as compared to a loss of HK\$6.2 million in 1H2019. The Group's comprehensive income was HK\$11.9 million in 1H2020 as compared to a loss of HK\$6.3 million in 1H2019.
- Earnings per share was HK4.26 cents in 1H2020, as compared to a loss per share of HK2.08 cents in 1H2019.
- During 1H2020, **the Group undertook preparatory work in advance of its listing** on the GEM of the Stock Exchange on 16 October 2020. During 1H2020, the Group incurred listing expenses, which resulted in lower profits over the period.
- **Non-HKFRS Adjusted Net Profit was HK\$24.4 million in 1H2020**, as compared to a loss of HK\$6.2 million in 1H2019. Non-HKFRS Adjusted Earnings Per Share was HK8.12 cents, as compared to a loss per share of HK2.08 cents in 1H2019.
- **Adjusted Net Profit is unaudited and represents profit for the period attributable to owners of the Company adding back listing expenses.** Adjusted Earnings Per Share is unaudited and represents Adjusted Net Profit divided by the weighted average number of ordinary shares of 300,000,000 (2019: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company after the end of the reporting period. 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 period. For further

details, please refer to the section titled "Management Discussion and Analysis" below.

- 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.
- The Group has **participated in several prestigious conferences** over the course of 1H2020, 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. While sales and marketing activities have continued, related costs declined as compared to 1H2019 as overseas travel of relevant staff has been reduced.



- The Group agreed to a **partnership with Nanhua Futures**, the first listed futures brokerage in the PRC, 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, in which the Company has a 30% interest, 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. 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**").

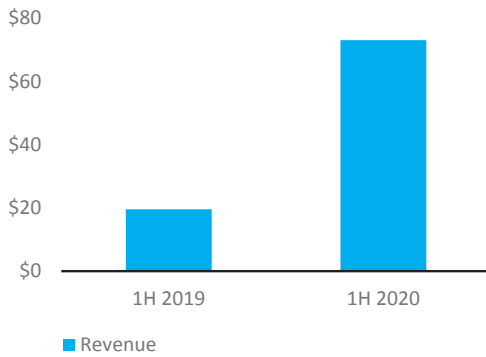
¹ This material is not in any way intended to solicit investment in our fund products or managed accounts. Our fund products and managed accounts are only available to appropriately qualified investors and are not marketed in certain jurisdictions. The performance of certain fund products the Group regards 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

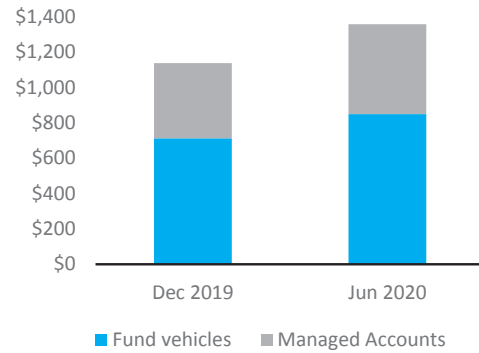
Selected Financial Highlights

(in HK\$ millions unless stated)

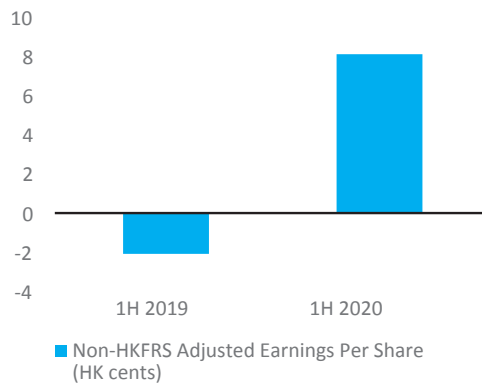
Revenues



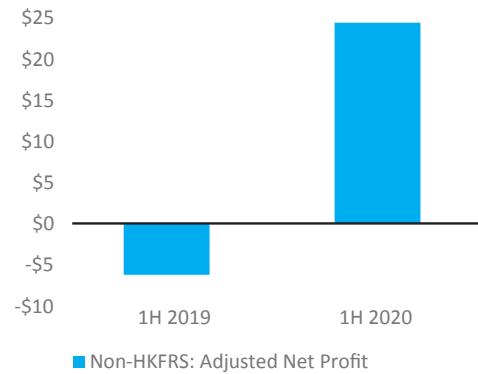
AUM (US\$ millions) ²



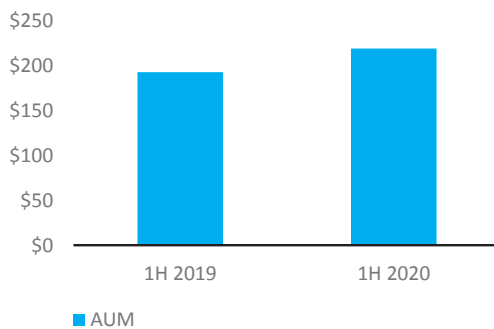
Non-HKFRS: Adjusted Earnings Per Share ³ (HK cents)



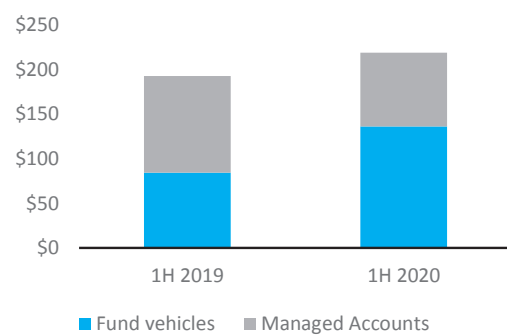
Non-HKFRS: Adjusted Net Profit ³ (HK\$ millions)



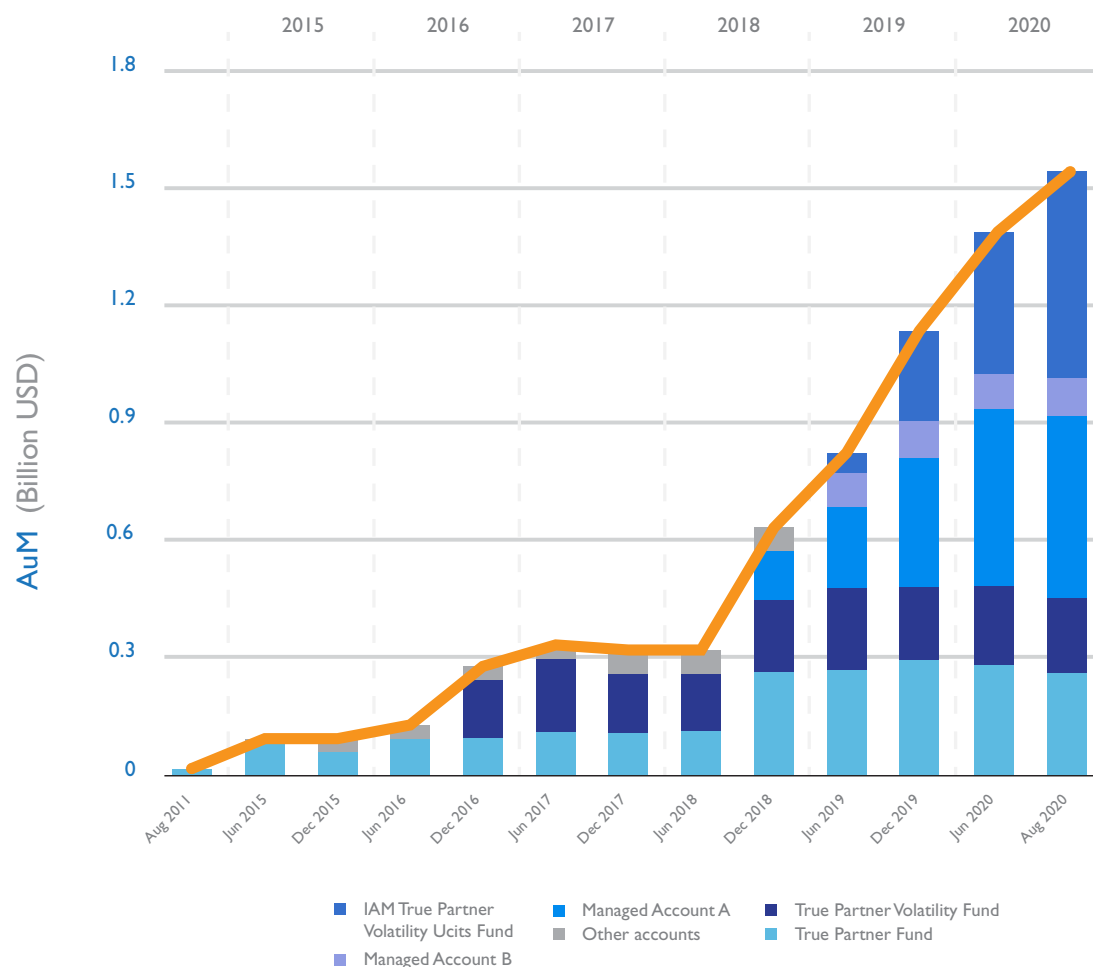
Growth in AUM (US\$ millions)



Sources of AUM Growth (US\$ millions) ²



Earnings power and operating leverage



2 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 detailed in the Prospectus, as of 30 June 2020 and as of 30 September 2020 managed accounts deploy our relative value trading strategy.

3 Adjusted Net Profit and Adjusted Earnings per Share are unaudited. Adjusted Net Profit represents profit/(loss) for the period attributable to owners of the Company adding back listing expenses. Adjusted Earnings Per Share is unaudited and represents Adjusted Net Profit divided by the weighted average number of ordinary shares of 300,000,000 (2019: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company after the end of the reporting period. 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 period. For further details, please refer to the section titled "Management Discussion and Analysis" below.

Investments highlights

1. Distinctive investment opportunity in a specialized hedge fund manager who manages funds for globally renowned investors
2. Stable and experienced management: established in 2010 by a team of former market makers
3. Specialized segment with growing demand amid the increased market volatility and correlation
4. 3-T Model – Combination of state-of-the art technology with experienced team covering unique trading strategies
5. Growth opportunities in adjacent market segments leveraging scalable investment platform
6. Global coverage to enable trading around the clock for efficient hedging; offices in Asia, the US and Europe
7. Co-CIOs and PMs split across Hong Kong and Chicago to enable round-the-clock trading
8. Proprietary technology & technology driven: one-third of the team are focused on technology
9. Proven track record over 10 years
10. Institutional scale AuM of USD1.5bn
11. Operational platform and high unencumbered cash enables efficient offshore, onshore, liquid alternatives and managed account implementation
12. Relative value skillset and diversifying alpha offers absolute return and portfolio diversification benefits in multiple formats

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 volatility relative value trading strategy involving the active trading of liquid exchange listed derivatives (including equity index options, large cap single stock options, as well as futures, exchange traded funds and equities) across major markets (including the U.S., Europe and Asia) and different time zones. Our trading decisions are supported by our in-house proprietary trading platform (embedded with option pricing and volatility surface models) designed for our specific way of trading and which enables real-time pricing of implied volatilities, quantitative comparisons, risk management as well as speedy execution of trades. Our team's collective expertise and specialized knowledge in options and volatility trading is the foundation of our proprietary trading technology.

Our firm's AUM is US\$1,357 million as of 30 June 2020 and we currently manage or advise on both fund products and managed accounts⁴. Our longest running fund product was launched in July 2011 and was later restructured into a master-feeder structure to facilitate investments from U.S. taxable investors. In 2016 we launched a further fund, which is similarly structured, but with a trading strategy which has a long volatility bias. Together with International

Asset Management ("IAM"), we made our strategy available in UCITS format in June 2019, with the launch of a co-branded fund product for which a subsidiary of the Group is the sub-investment manager and IAM is the investment manager. IAM was founded in 1989 and is one of the oldest independent asset management firms specializing in hedge funds and alternative UCITS investments. Assets under management relating to these fund products are grouped together as "fund vehicles" above and below. In addition to funds launched by us or co-branded with us, we also enter into investment management mandates with third parties who allocate a sub-fund of their umbrella fund or a portion of their assets to be managed by us. While such arrangements may have different underlying structures in accordance with client preferences, for simplicity we group assets under management relating to these mandates under "managed accounts" above and below.

As of 30 June 2020, our AUM comprised US\$849 million in fund products (including funds where the Group is a sub-investment manager) and US\$508 million in managed accounts or similar arrangements. The investors in funds managed or advised by us are mainly professional investors, including collective investment undertakings, family offices, pension funds, endowments/foundations, financial institutions and high net worth individuals.

Market Environment

The first half of 2020 was clouded by the backdrop of COVID-19, which has posed huge and largely unprecedented challenges for healthcare systems, with significant knock on effects to global businesses, supply chains and financial markets. As governments around the world

sought to contain the virus through measures to limit its spread, social distancing, a shift to home working and reductions in travel have had major effects on the global economy.

From a business perspective, the Group was able to continue operating

normally as envisaged in our contingency planning, with members of the team able to work from home where required. Amid a challenging and rapidly changing backdrop, our investments in technology and operational infrastructure in previous years enabled us to quickly adapt

⁴ 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

to the changing rules and advice in the different countries in which we operate to keep our team safe and enable us to continue to serve our clients.

Financial markets had generally entered the year on an optimistic note, with the S&P 500 Index hitting a new all-time high in mid-February. As COVID-19 spread to Europe and the US and it became clear that it would have a major global impact, financial markets responded to the changing economic environment and increased uncertainty with rapid shifts in prices and an increase in volatility.

Our portfolio management team was able to take advantage of the opportunities this created for our trading strategies, particularly in March 2020, when our strategies delivered very strong results. At a time when the MSCI World Total Return Index, Hedged to US Dollars (“**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.

Policymakers across governments and central banks responded to the

economic challenges with cuts in interest rates, easing of liquidity, fiscal stimulus packages and restrictions on foreclosures in some markets. The policy response was rapid and large, in many ways much faster than following the 2008 financial crisis. This led dislocations to quickly close in some areas and the “risk off” move very quickly reversed into a “risk on” rally from late March onwards. The MSCI World Index was down by 19.8% in the first quarter and up by 18.6% in the second quarter, with a 35.1% rally from its low at the close on 23 March to the end of June.

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 1H2020, while the MSCI World was down by 4.9%⁵.

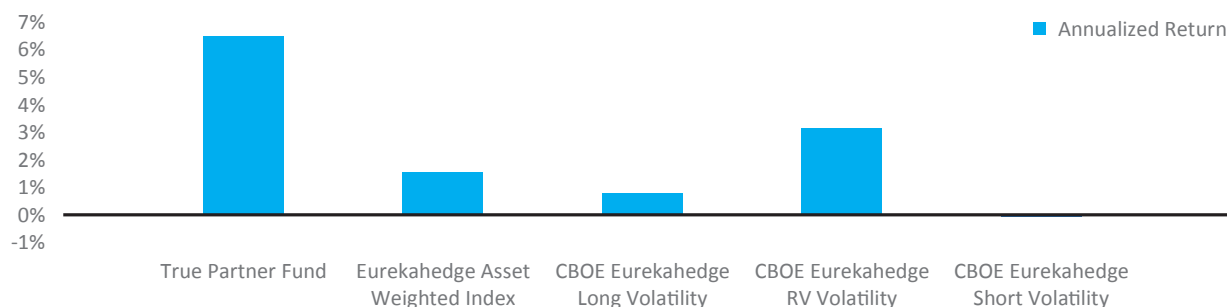
Investment performance in any given short time period can fluctuate around the long-term average based on the prevailing market opportunities. Investors in the Group’s products typically focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term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

30 June 2020, the Group’s longest running fund product⁶ 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 alpha⁷ terms. The Group considers these indices to be relevant benchmarks of peer performance as they are comprised of hedge funds trading different types of volatility strategies. Over the same inception to date period, considering the whole period from July 2011 through 30 June 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.

⁵ + 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.

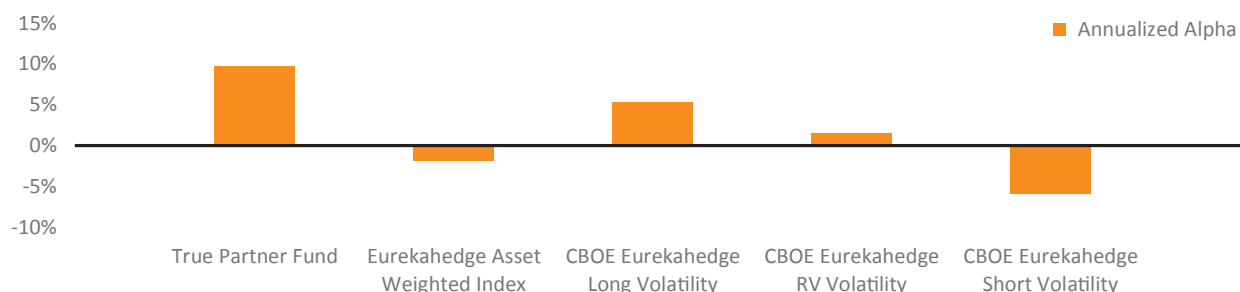
⁷ Alpha is a measure of the excess return of a strategy adjusted for its statistical exposure to equity risk and is a widely used metric to evaluate hedge funds. When referring to equities, unless otherwise stated this refers to MSCI World.

True Partner Fund vs Volatility Hedge Fund Indices – ITD Annualized Return (July 2011 – June 2020)



Sources: True Partner, Bloomberg, Eurekahedge

True Partner Fund vs Volatility Hedge Fund Indices – ITD Annualized Alpha vs Equities (July 2011 – June 2020)



Sources: True Partner, Bloomberg, Eurekahedge

The information contained in this report is not in any way intended to solicit investment, nor does it constitute an offer to sell, or a solicitation of an offer to buy, any security or any other product or service by the Group or any other third party. In addition, nothing in this report is intended to provide tax, legal, or investment advice, nor should be construed as a recommendation to buy, sell, or hold any investment or security or to engage in any investment strategy or transaction. In particular, the Company does not represent that the securities, products, or services discussed herein are suitable for any particular investor. Investors are solely responsible for determining whether any investment, investment strategy, security or related transaction is appropriate for them based on their own personal investment objectives, financial circumstances and risk tolerance. Any past performance should not be taken as an indication or a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future results.

Investors should consult your business advisor, attorney, or tax and accounting advisor regarding your specific business, legal or tax situation. True Partner Fund is offered to professional investors only and not offered to the public in Hong Kong. Investors are required to meet the definition of professional investors under Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap.571) before investing in this fund.

Nothing in this report shall be considered, deemed, construed or relied upon as an advertisement, invitation or document which is or contains an invitation to do any act referred to in section 103(1)(a) or (b) of Section 102 of the Securities and Futures Ordinance (Cap.571).

Financial Performance

Revenues grew from HK\$19.6 million in 1H2019 to HK\$73.1 million in 1H2020, representing an increase of 273%. The Group saw growth in both management fees and performance fees. The Group also saw a small increase in consultancy fees. There were also increases in

accounts was strongly positive in 1H2020 and occurred on a higher base of assets under management than previous periods of strong investment performance due to asset growth over the course of 2019 and early 2020. Relative to 1H2020, the increase in revenues was primarily

in costs reflected higher staff benefits costs due to increased numbers of personnel and performance-related incentives arising from strong investment performance in 1H2020. 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 substantially less than revenues. Excluding staff benefits, other operating costs overall fell.



the Group's 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

driven by increases in performance fees. Performance fees were primarily related to strong performance in the first quarter of 2020 but were realized in our financial results during both first quarter and second quarter of 2020 in accordance with the terms of our funds and managed accounts.

General and administrative expenses rose from HK\$21.6 million in 1H2019 to HK\$36.8 million in 1H2020. The growth

The Group's profit before income tax was HK\$21.7 million in 1H2020, as compared to a loss of HK\$5.8 million in 1H2019. The figures in 1H2020 represent a pre-tax profit margin of 30%. Profit for the period in 1H2020 (after tax) was HK\$13.2 million, as compared to a loss of HK\$5.9 million in 1H2019. The figures in 1H2020 represent a (post-tax) profit margin of 18%. Profit for the period attributable to owners of the Company was HK\$12.8 million in 1H 2020, as compared to a loss of HK\$6.2 million in 1H2019. The figures in 1H2020 represent a profit margin of 17%. The Group's comprehensive income was HK\$11.9 million in 1H2020 as compared to a loss of HK\$6.3 million in 1H2019.

Non-HKFRS Measures – Adjusted Net Profit and Adjusted Earnings Per Share

In order to supplement the Group's interim 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

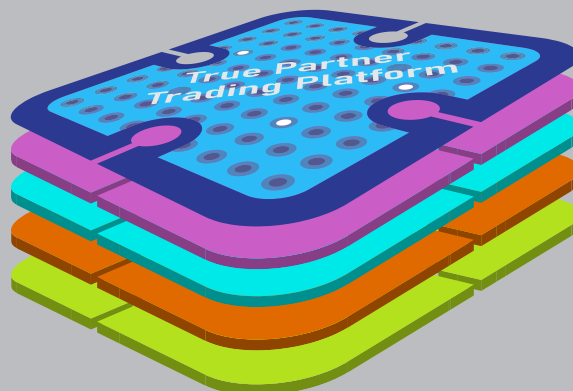
Proprietary Technology, Scalable Platform

The True Partner Trading Platform is a centralised technology platform, built with the Nitro Trading system. It adds more intelligence and flexibility to scale fast with both product differentiation and global expansion.

Rapid data analysis



Trading strategies



Current layers of the
True Partner Trading Platform



Trading software



Connectivity

Management discussion and analysis

therefore they may not be comparable to similar measures presented by other companies listed on the Stock Exchange.

During 1H2020, the Group undertook preparatory work in advance of its listing on the GEM market of the Stock Exchange on 16 October 2020. During 1H2020, the Group incurred HK\$11.6 million in related listing expenses, which resulted in lower profits over the period.

The Adjusted Net Profit, which is unaudited, represents profit/(loss) for the period attributable to owners of the Company adding back listing expenses (the “**Adjusted Net Profit**”). The Adjusted Net Profit of the Group for the six months ended 30 June 2020 was HK\$24.4 million, representing an increase as compared to an Adjusted Net Profit for the Group of a loss of HK\$6.2 million for the corresponding period in 2019. Non-HKFRS Adjusted Earnings Per Share were HK8.12 cents in 1H2020 as compared to a loss per share of HK2.08 cents

per share for the corresponding period in 2019. The Adjusted Earnings Per Share is unaudited and represents Adjusted Net Profit divided by the weighted average number of ordinary shares of 300,000,000 (2019: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company after the end of the reporting period (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 period, 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

	1H2020 (HK\$'000)	1H2019 (HK\$'000)
Profit/(loss) for the period attributable to owners of the Company	12,790	(6,237)
Add: listing expense	11,568	–
Adjusted net profit/(loss)	24,358	(6,237)

Comparison: Earnings/(loss) per share

	1H2020 (HK\$'000)	1H2019 (HK\$'000)
Profit/(loss) for the period attributable to owners of the Company	12,790	(6,237)
Divided by: number of ordinary shares*	300,000,000	300,000,000
Basic and diluted earnings/(loss) per share (HK cents)	4.26	(2.08)

Reconciliation of non-HKFRS Adjusted Earnings Per Share

	1H2020 (HK\$'000)	1H2019 (HK\$'000)
Profit/(loss) for the period attributable to owners of the Company	12,790	(6,237)
Add: listing expense	11,568	–
Adjusted net profit/(loss)	24,358	(6,237)
Divided by: number of ordinary shares*	300,000,000	300,000,000
Non-HKFRS adjusted earnings/(loss) per share (HK cents)	8.12	(2.08)

* This represents the weighted average number of ordinary shares of 300,000,000 (2019: 300,000,000) in issue during the period, adjusted for the capitalisation issue in connection with the listing of the Company after the end of the reporting period.

AUM

The Group reports its AUM in US dollars⁸. US dollars are the base currency of most of the Group's fund vehicles and managed accounts. The Group's AUM grew by US\$219 million from US\$1,138 million as of 31 December 2019 to US\$1,357 million as of 30 June 2020, representing a 19% increase over H12020. Growth in AUM 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 strong investment performance and client inflows both contributing to growth in AUM⁹.

The growth in the Group's AUM in H12020 was higher in absolute terms than in 1H2019 (growth of US\$219 million in 1H2020 vs growth of US\$193 million in 1H2019). Over 1H2020, the Group saw growth of US\$136 million in its AUM in fund vehicles and growth of US\$83 million in its AUM in managed accounts. This compares to growth of US\$83 million in its AUM in fund vehicles and growth of US\$110 million in its AUM in managed accounts during 1H2019.

Business Development Activities

The Group was actively engaged with existing and potential investors during 1H2020. During the first quarter, 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, Hong Kong and New York. This included presenting at the Context Summit in Miami and the Goldman Sachs 10th Annual UCITS Forum in London.

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, participating in several virtual conferences and developing its own webinar series.

During the second quarter, the Group presented at virtual conferences 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 2020. The Group held its own webinar for investors in April 2020, beginning a regular quarterly series. In addition, the Group presented at virtual events specifically for the Group's UCITS investors. The conferences and webinars attracted an international audience, with many existing and new prospects reached.

The Group also continued to engage with professional and institutional investors and prospects via newsletters and longer thought pieces.

Amid a challenging environment for traditional due diligence processes, which typically involve in person, onsite activity, and an environment where potential 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. 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 the first quarter led to positive press coverage, including from Bloomberg, which we believe helps increase our brand presence.



⁸ Figures for AUM may include figures based on estimated net asset values for fund vehicles or managed accounts managed or advised by the Group

⁹ 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 market turmoil in the first quarter and rebound in the second quarter led some investors to take profits on profitable investments to offset losses elsewhere and rebalance portfolios, while also changing priorities for some investors. The first quarter 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 the first quarter, 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 1H2020, we saw growth in AUM from both positive performance and net inflows.

The Group believes that the PRC is a market that will offer attractive long-term opportunities to appropriately skilled asset managers. To this end, we entered into a partnership with Nanhua Futures, the first listed futures brokerage in the PRC, at the start of the year. The associate, Holland &

Muh Investment Management Co., Ltd., is a PRC company licensed with the AMAC as a privately-raised securities fund manager since May 2014. Holland & Muh, in which the Company has a 30% interest, 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.

NITRO 
Trading system



Technology Developments

Our technology infrastructure demonstrated its resilience and flexibility during the unusual environment in 1H2020, enabling members of our team to quickly shift to working from home and back to the office as needed.

In H12020 we focused on further improving the stability, redundancy, and security of our infrastructure. This has involved work on cybersecurity initiatives, where we also engage outside consultants as required. To cater for increasing AUM and for the offering of more investment

product types going forward, we have also focused on improving the scalability and redundancy of our proprietary technology as well as adding new functionalities for the trading team. The team has also made improvements to the operations components as well to further simplify and streamline their procedures.

The Group believes that its proprietary technology remains a significant source of our advantage in markets and continues to invest in this area.

Compliance and Regulatory Update

During 1H2020, 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.

Outlook

The market environment remains uncertain, with the shadow of COVID-19 continuing to exert a strong influence on individuals, businesses and policies globally, with particularly significant impacts in the U.S. and Europe. We believe the continued uncertainty, coupled with our strong investment performance in 1H2020, should provide opportunities to engage with investors and further our

business development activities. During the second half of the year, there are various market events including quarterly earnings results, the U.S. election, and the ongoing negotiations regarding Brexit. With considerable uncertainty around each of these, it is possible that market surprises may occur, which could create attractive trading opportunities for our strategies.

Recent Developments after the end of the Reporting Period

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**”) and completed the Share Offer of its 100,000,000 new ordinary shares at HK\$1.40 each for the net proceeds of approximately HK\$104 million. Details of the Share Offer are set out in the Prospectus.

The net proceeds from the Share Offer received by the Company were approximately HK\$104 million (after deduction of listing expenses). The net proceeds are intended to be used in accordance with the proposed implementation plans as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus. As of 30 June 2020, the listing had not yet taken place. As a result, the net proceeds were not available for use by the Company during 1H2020.

AUM have increased from US\$1,357 million as of 30 June 2020 to US\$1,541 million as of 30 September 2020. Growth in AUM came from both fund products and managed accounts. As of 30 September 2020, the Group had US\$969 million in AUM in fund products (including products for which the Group is sub-investment manager), and US\$572 million in AUM in managed accounts and similar structures.

The Group grew AUM by US\$184 million in the third quarter of 2020. Growth in AUM was attributable to inflows from new and existing investors while investment performance had a small negative impact. The growth in AUM in the third quarter was higher than the second quarter and higher than the third quarter of 2019.



The Hong Kong office is our head office and trading hub for the Asian time zone. Hong Kong's connectivity with Mainland China furthermore allows expansion into the trading opportunities on Mainland China's markets.

The Chicago office supplements our Hong Kong trading operations, allowing for a seamless market coverage over the full 22 hour trading cycle.



Offices in Asia, the US and Europe for **global coverage** to enable 22 hours **trading around the clock**

The True Partner Technology Centre in Amsterdam houses the R&D department developing our robust, sophisticated proprietary trading system.



In our expansion plans, a London office is slated to be opened for direct liaisons with European investors.



Financial review

Revenue

During the Reporting Period, revenue of the Group amounted to approximately HK\$73 million, representing an increase of approximately HK\$53 million or approximately 265% as compared with approximately HK\$20 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. The higher market volatility during the period, primarily linked to the COVID-19 situation, resulted in trading opportunities for our strategies and positive investment performance for our funds / managed accounts. The Group saw an increase in management fees (due to higher assets under management and shifts in product mix) and an increase in performance fees (due to positive investment performance). When compared to the corresponding period in 2019, the increase in revenue was primarily driven by increases in performance fees. The Group also saw a small increase in consultancy fees, relating to consulting work for a client in the official (regulatory) sector.

Other income

For the Reporting Period, other income of the Group amounted to approximately HK\$48,000, representing a decrease of approximately HK\$103,000 or approximately 68% as compared with approximately HK\$151,000 for the corresponding period of 2019. This was primarily due to a foreign exchange gain.

Gross profit and gross profit margin

Gross profit of the Group for the Reporting Period was approximately HK\$68 million, representing an increase of approximately HK\$52 million or 325% from approximately HK\$16 million for the six months ended 30 June 2019. The increase was primarily driven by an increase in revenues driven by higher management fees and performance fees, partially offset by an increase in direct costs. Higher revenues were primarily driven by performance fees arising from strong performance in the period.

General and administrative expenses

General and administrative expenses of the Group for the Reporting Period amounted to approximately HK\$37 million, representing an increase of approximately HK\$15 million or approximately 68% from approximately HK\$22 million over the corresponding period of 2019. This was primarily due to increased staff benefits arising from growth in the team relative to 1H2020 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 1H2020.

Finance costs

The finance costs increased by approximately HK\$20,000 or 41% from HK\$49,000 for the six months ended 30 June 2019 to HK\$69,000 for the Reporting Period. The increase was mainly due to an increase in interest on lease liabilities.

Interim information

Liquidity, current ratio and capital structure

Fee income is the Group's main source of income, while other income sources include interest income generated from bank deposits and dividend income from investments held. At the end of the first half of 2020, the Group's balance sheet and cash flow positions remained stable, with a net cash balance of HK\$80 million. Net cash inflows from operating activities amounted to approximately HK\$15 million, while the Group had no corporate bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities. The current ratio (current assets divided by current liabilities) of the group was 3.26 times.

Capital structure

As at 30 June 2020, the Group's shareholders' equity and total number of shares issued were HK\$97.575 million and 218,220, respectively.

Significant investments held

During the Reporting Period, the Group did not hold any significant investments.

Principal risks and uncertainties

The Board believes that all the major risk factors relevant to the Group have already been disclosed in the section headed "Risk factors" in the Prospectus. Please refer thereto for more information.

Exposure to 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.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

As noted above, the Group agreed a partnership with Nanhua Futures, the first listed futures brokerage in mainland China, at the start of the year. The associate, Holland & Muh Investment Management Co., Ltd., is a PRC company licensed with the AMAC as a privately-raised securities fund manager. The transaction was agreed on 31 December 2019 and took effect on 1 January 2020. For additional details, please refer to the Prospectus.

Charges on assets

There was no significant pledge on the Group's assets as at 30 June 2020 (as at 31 December 2019: nil).

Contingent liabilities

As at 30 June 2020, the Group did not have any material contingent liabilities or guarantees (as at 31 December 2019: nil).

Interim dividend

The Board does not recommend the payment of an interim dividend for the Reporting Period (for the six months ended 30 June 2019: nil).

Human resources management

As at 30 June 2020, the Group employed 25 employees (as at 31 December 2019: 23). The Group's remuneration policy 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 continuous professional development opportunities according to their needs. The Group also adopted a share option scheme to reward individual staff for their contribution to the Group.

Significant events after the end of the reporting period

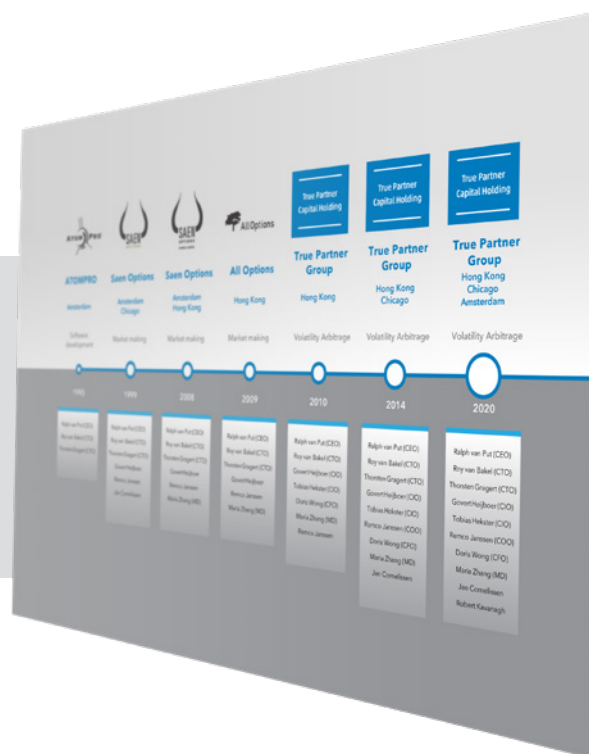
The shares of the Company were listed on the Listing Date by way of the Share Offer and completed the Share Offer of its 100,000,000 new ordinary shares at HK\$1.40 each for the net proceeds of approximately HK\$104 million. Details of the Share Offer are set out in the Prospectus.

Use of proceeds from the listing

The net proceeds from the Share Offer received by the Company were approximately HK\$104 million (after deduction of listing expenses). The net proceeds are intended to be used in accordance with the proposed implementation plans as disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus. During the period from the Listing Date to the date of this report, the net proceeds have not yet been utilized and the majority of the unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong.

20 years One team

The True Partner Team
has a long history of
working together



More information

Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the company and its associated corporations

The Shares were not listed on the Stock Exchange as of 30 June 2020. Accordingly, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") and section 352 of the SFO and the Required Standard of Dealings were not applicable to the Directors or Chief Executive of the Company as of 30 June 2020.

As at the date of this report, the interests and short positions of the Directors and Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company and 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 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 ⁽¹⁾	Interest in a controlled corporation	55,577,399	13.89%
Roy van Bakel ⁽²⁾	Interest in a controlled corporation	27,686,280	6.92%

Notes:

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

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

Save as disclosed above, as at the date of this report, none of the Directors nor Chief Executive 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 in the shares, underlying shares or debentures of the company

As at 30 June 2020, the Shares were not listed on GEM. Accordingly, Divisions 2 and 3 of Part XV of the SFO, section 336 of the SFO and the Required Standard of Dealings were not applicable to the Company.

So far as is known to the Directors, as at the date of this report, the persons (other than Directors or Chief Executive of the Company)

had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying Shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position in the Shares

Name	Capacity / Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Franca Kurpershoek-Hekster ⁽¹⁾	Interest of spouse	55,609,018	13.91%
Wong Rosa Maria ⁽²⁾	Interest of spouse	55,607,644	13.90%
True Partner Participation Limited	Beneficial owner	55,577,399	13.89%
Kung Yun Ching ⁽³⁾	Interest of spouse	55,577,399	13.89%
True Partner International Limited	Beneficial owner	44,808,908	11.20%
Chan Heng Fai Ambrose ⁽⁴⁾	(i) Interest in a controlled corporation	44,808,908	11.20%
	(ii) Beneficial owner	1,602,000	0.40%
Chan Kong Yoke Keow ⁽⁵⁾	Interest of spouse	46,410,908	11.60%
Edo Bordoni	Beneficial owner	29,839,153	7.46%
Anne Joy Bordoni ⁽⁶⁾	Interest of spouse	29,839,153	7.46%
Red Seven Investment Ltd	Beneficial owner	27,686,280	6.92%

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 0.40% 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.

Save as disclosed above, as at the date of this report, the Directors were not aware of any other persons (other than the Directors or the Chief Executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company

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

Share option scheme

Pre-IPO Share Option Scheme

A pre-IPO share option scheme was adopted and approved by the then shareholders of the Company on 13 February 2020 (the “**Pre-IPO Share Option Scheme**”). The purpose of the Pre-IPO Share Option Scheme is to recognise and acknowledge the contributions made by certain employees of the Group to the growth of the Group by granting options to them as rewards and further incentives. For more information, please refer to the section headed “Statutory and General Information - D. Pre-IPO Share Option Scheme” in Appendix IV to the Prospectus.

As at the date of this report, options to subscribe for an aggregate of 8,997,804 Shares representing not more than 2.25% of the total issued share capital of the Company upon completion of the Share Offer have been conditionally approved by the Company under the Pre-IPO Share Option Scheme. A total of 13 employees have been granted options under the Pre-IPO Share Option Scheme. HK\$1 was given by each of the grantees as the consideration for the pre-IPO share options.

Save for the options which have been granted under the Pre-IPO Share Option Scheme, no further options will be offered or granted under the Pre-IPO Share Option Scheme, as the right to do so will terminate upon the listing and commencement of dealing of the Shares on GEM.

Share Option Scheme

A share option scheme was adopted and approved by the then shareholders of the Company on 22 September 2020 (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the paragraph headed “E. Share Option Scheme” in Appendix IV to the Prospectus. No share option has been granted by the Company pursuant to the Share Option Scheme since its adoption and up to the date of this report.

Competing interests

None of the Directors nor the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group for the six months ended 30 June 2020 and up to the date of this report.

Interest of the compliance adviser

As notified by Alliance Capital Partners Limited (“**Alliance Capital**”), compliance adviser of the Company, neither Alliance Capital nor any of its close associates and none of the directors or employees of Alliance Capital had any interest in the share capital of the Company or any

member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 June 2020.

The compliance adviser's appointment is for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date, and such appointment is subject to extension by mutual agreement.

Code of corporate governance practices

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

Code A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Ralph Paul Johan van Put currently holds both positions within the Group. 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.

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

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

Directors' securities transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Shares were listed on GEM of the Stock Exchange on the Listing Date. Each of the Directors gave confirmation that he/she was in compliance with the Code of Conduct since the Listing Date and up to the date of this report.

Purchase, sale or redemption of the company's listed securities

The Shares were listed on GEM of the Stock Exchange on the Listing Date by way of the Share Offer. Save as the Share Offer, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2020 and up to the date of this report.

Audit committee

The Company has established an audit committee of the Board (the "**Audit Committee**") with written terms of reference in compliance with the GEM Listing Rules and code provisions C.3.3 of the CG Code set out in Appendix 15 of

the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. The members of the Audit Committee include three independent non-executive Directors, namely Ms. Wan Ting Pai, Mr. Jeronimus Mattheus Tielman and Mr. Ming Tak Ngai. Ms. Wan Ting Pai is the chairwoman of the Audit Committee.

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

By order of the Board
True Partner Capital Holding Limited

Ralph Paul Johan van Put
Chairman and Chief Executive Officer

Hong Kong, 6 November 2020

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

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

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

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

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

(Incorporated in the Cayman Islands with limited liability)

大信梁學濂(香港)會計師事務所有限公司

PKF

Accountants &
business advisers

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

Opinion

We have audited the interim consolidated financial statements of True Partner Capital Holding Limited and its subsidiaries (together the "Group") set out on pages 42 to 98, which comprise the consolidated statement of financial position as at 30 June 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 six months ended 30 June 2020, and notes to the interim consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the interim consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated financial performance and its consolidated cash flows for the six months ended 30 June 2020 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the interim 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 interim consolidated financial statements of the current period. These matters were addressed in the context of our audit of the interim consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

True Partner Capital Holding

(Incorporated in the Cayman Islands with limited liability)

Key audit matters (cont'd)

Key audit matter

- fee income recognition

For the six months ended 30 June 2020, the Group has recognised management fee and performance fee income of HK\$29,428,000 and HK\$43,143,000 respectively.

We focused on this area due to the significance of the amount 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 interim consolidated financial statements.

How our audit addressed the key audit matter

Our work included an assessment and testing of management's key controls on fee income recognition :-

1. We evaluated and tested 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 evaluated and tested, on a sample basis, 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 checked the accuracy of the records of assets under management by examining relevant third party custodian statements;
3. We checked the mathematical accuracy of the fee calculations; and
4. We checked the settlement of the fee income.

No material issues arose from the above testing.

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 30 June 2020, the Group had financial assets at fair value through other comprehensive income of HK\$2,480,000. 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, 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.

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

True Partner Capital Holding

(Incorporated in the Cayman Islands with limited liability)

Other information

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

Our opinion on the interim 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 interim 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 interim 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 interim consolidated financial statements

The directors of the Company are responsible for the preparation of the interim 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 interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 interim consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim 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 interim 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 interim 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 interim consolidated Financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the interim consolidated financial statements, including the disclosures, and whether the interim 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 interim 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 interim 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, 6 November 2020

Consolidated statement of profit or loss and other comprehensive income

	Note	For the six months ended 30 June		For the three months ended 30 June	
		2020	2019	2020	2019
		HK\$'000	HK\$'000 (Unaudited)	HK\$'000	HK\$'000 (Unaudited)
Revenue	6	73,087	19,577	23,489	10,833
Other income	6	48	151	1	66
Direct costs		(5,377)	(3,256)	(2,583)	(1,810)
Fair value gain/(loss) on financial assets at fair value through profit or loss		2,408	(632)	16	(449)
General and administrative expenses		(36,807)	(21,586)	(14,315)	(10,875)
Listing expenses		(11,568)	-	(970)	-
Finance costs	7	(69)	(49)	(32)	(48)
Share of results of associates		(51)	-	(51)	-
Profit/(loss) before income tax	8	21,671	(5,795)	5,555	(2,283)
Income tax expense	9	(8,495)	(132)	(3,211)	(77)
Profit/(loss) for the period		13,176	(5,927)	2,344	(2,360)
Other comprehensive loss					
Item that may be reclassified subsequently to profit or loss :-					
Exchange differences on translation of foreign operations		(64)	-	(54)	(3)
Item that will not be reclassified to profit or loss :-					
Fair value loss on financial assets designated at fair value through other comprehensive income		(1,258)	(396)	(77)	(94)
Other comprehensive loss		(1,322)	(396)	(131)	(97)
Total comprehensive income/(loss) for the period		11,854	(6,323)	2,213	(2,457)
Profit/(loss) for the period attributable to :-					
Owners of the Company		12,790	(6,237)	2,146	(2,560)
Non-controlling interest		386	310	198	200
		13,176	(5,927)	2,344	(2,360)
Total comprehensive income/(loss) for the period attributable to :-					
Owners of the Company		11,468	(6,633)	2,015	(2,657)
Non-controlling interest		386	310	198	200
		11,854	(6,323)	2,213	(2,457)
Earnings/(loss) per share (HK cents)					
- Basic and diluted	11	4.26	(2.08)	0.72	(0.85)

Consolidated statement of financial position

	<i>Note</i>	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
Non-current assets			
Plant and equipment	12	1,612	1,849
Right-of-use assets	13	2,767	3,555
Intangible assets	14	47	59
Investment in associates	15	3,237	-
Financial assets at fair value through profit or loss	16	20,836	18,428
Financial assets at fair value through other comprehensive income	17	2,480	3,738
		30,979	27,629
Current assets			
Accounts receivable	18	11,351	6,797
Other receivables	19	6,177	4,867
Deposits placed with a broker		159	173
Amount due from an associate	20	-	471
Tax recoverable		249	1,853
Cash and cash equivalents	21	79,974	69,765
		97,910	83,926
Current liabilities			
Payable to a broker		-	97
Accruals and other payables	22	22,416	10,876
Financial liabilities at fair value through profit or loss	16	2	2
Lease liabilities	23	1,657	1,624
Tax payable		5,953	11,112
		30,028	23,711
Net current assets		67,882	60,215
Total assets less current liabilities		98,861	87,844

Consolidated statement of financial position

	<i>Note</i>	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
Non-current liability			
Lease liabilities	23	<u>1,286</u>	<u>2,123</u>
Net assets		<u>97,575</u>	<u>85,721</u>
Capital and reserves			
Share capital and premium	24	<u>32,486</u>	<u>32,486</u>
Reserves	26	<u>60,045</u>	<u>48,577</u>
		<u>92,531</u>	<u>81,063</u>
Non-controlling interests		<u>5,044</u>	<u>4,658</u>
Total equity		<u>97,575</u>	<u>85,721</u>

The interim consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 6 November 2020 and signed on its behalf by :-

Ralph Paul Johan van Put
Chairman

Godefriedus Jelte Heijboer
Director

Consolidated statement of changes in equity

		Reserves						Non-controlling interests	Total equity
		Share capital (Note 24)	Share premium (Note 24)	Group reorganisation reserve	Exchange reserve	Fair value reserve (Notes (i))	Capital reserve (Notes (ii))	Retained profits	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2019	2	32,484	1,145	(52)	(1,203)	7,234	64,268	103,878	107,857
Loss for the period	-	-	-	-	-	-	(6,237)	(6,237)	(5,927)
Other comprehensive loss	-	-	-	-	(396)	-	-	(396)	(396)
Total comprehensive loss for the period	-	-	-	-	(396)	-	(6,237)	(6,633)	(6,323)
At 30.6.2019 (unaudited)	2	32,484	1,145	(52)	(1,599)	7,234	58,031	97,245	101,534
At 1.1.2020	2	32,484	1,145	(52)	(2,262)	7,234	42,512	81,063	85,721
Profit for the period	-	-	-	-	-	-	12,790	12,790	13,176
Other comprehensive loss	-	-	-	(64)	(1,258)	-	-	(1,322)	(1,322)
Total comprehensive income for the period	-	-	-	(64)	(1,258)	-	12,790	11,468	11,854
At 30.6.2020	2	32,484	1,145	(116)	(3,520)	7,234	55,302	92,531	97,575

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

	<i>For the six months ended 30 June</i>	
	2020	2019
	HK\$'000	HK\$'000
		<i>(Unaudited)</i>
Cash flows from operating activities		
Profit/(loss) before income tax	21,671	(5,795)
Adjustments for :-		
Fair value (gain)/loss arising from financial instruments at fair value through profit or loss	(2,408)	632
Amortisation of intangible assets	12	10
Depreciation of plant and equipment	450	322
Depreciation of right-of-use assets	788	394
Interest income	(1)	(11)
Interest expense	69	49
Share of losses of associates	51	-
Operating profit/(loss) before working capital changes	20,632	(4,399)
Changes in working capital :-		
Accounts receivables	(4,554)	62,817
Other receivables	(1,310)	42
Deposits placed with a broker	14	(26)
Amount due from an associate	471	1
Payable to a broker	(97)	(17)
Accruals and other payables	11,540	(15,071)
Cash generated from operations	26,696	43,347
Interest received	1	11
Hong Kong profits tax paid	(11,082)	(558)
Overseas income tax paid	(968)	(2,100)
Net cash generated from operating activities	14,647	40,700
Cash flows from investing activities		
Acquisition of an associate	(3,288)	-
Acquisition of financial assets at fair value through profit or loss	-	(11,625)
Purchases of plant and equipment	(213)	(1,854)
Purchases of software	-	-
Net cash used in investing activities	(3,501)	(13,479)

Consolidated statement of cash flows (cont'd)

	<i>For the six months ended 30 June</i>	
	<i>2020</i> <i>HK\$'000</i>	<i>2019</i> <i>HK\$'000</i> <i>(Unaudited)</i>
Cash flows from financing activities		
Principal element of lease rentals payment	(804)	(210)
Interest element of lease rentals payment	(68)	(47)
Interest paid	(1)	(2)
Net cash used in financing activities	(873)	(259)
Net increase in cash and cash equivalents	10,273	26,962
Cash and cash equivalents at beginning of the period	69,765	55,946
Effect of foreign exchange rate changes	(64)	-
Cash and cash equivalents at end of the period	79,974	82,908
Analysis of the balance of cash and cash equivalents		
Cash at bank	79,974	82,908

Notes to the Interim Consolidated Financial Statements

1. Corporate information

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

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

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

2. Basis of preparation

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

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

The interim consolidated financial statements has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong.

In addition, the interim consolidated financial statements comply with all applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The interim 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 interim 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 Interim Financial Statements are disclosed in Note 4.

All HKFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the interim consolidated financial statements.

2. Basis of preparation (cont'd)

Issued but not yet effective HKFRSs

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

Amendments to HKFRS 16	COVID-19 Related Rent Concession ¹
HKFRS 17	Insurance Contracts ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use ³
Amendments to HKAS 37	Onerous contract - cost of fulfilling a contract ³
Annual Improvements to HKFRS standards 2018 – 2020 ³	
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

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

The Group has already commenced an assessment of the impact of these new or revised standards or amendments.

According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

3. Summary of significant accounting policies

(a) Basis of consolidation

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

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

(c) Associates (cont'd)

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

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over

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

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

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's interim 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 ¹ / ₃ %
Computer equipment	- 33 ¹ / ₃ % to 50%
Office equipment	- 20% to 33 ¹ / ₃ %
Leasehold improvements	- over the lease term

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

(e) Intangible assets

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

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

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

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

(f) Financial assets

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

Financial assets at fair value through profit or loss

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

These assets are recognised initially at fair value, with transaction costs taken directly to the profit 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 Company 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.

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

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

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

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

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

(p) Foreign currencies translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

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

(q) Leases

Definition of a lease

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

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

The Group as lessee

Short-term leases

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

Right-of-use assets

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

The cost of right-of-use assets includes :-

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

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

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

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

(q) Leases (cont'd)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include :-

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

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

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

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

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

(q) Leases (cont'd)

Lease modifications

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

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

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

Taxation

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

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

(r) Borrowing costs

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

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

(s) Related parties

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

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

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

- (i) the entity and the Company 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 Company or an entity related to the Company;

(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 Company or to the parent of the Company.

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 Interim 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 12 and 14 to the interim 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 us. When determining whether the Group controls the fund, usually the level of aggregate economic interests of the Group in the fund, fund manager's scope of decision-making rights and the level of investors' rights to remove the investment manager will be taken into consideration.

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

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

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

(d) 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

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 for the six months ended 30 June 2020 and 2019, is as follows :-

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
		(Unaudited)
Hong Kong	56,252	19,577
Chicago	16,835	-
	73,087	19,577

(b) Information about major customers

For the six months ended 30 June 2020 and 2019, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows :-

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
		(Unaudited)
Customer A	45,859	15,509
Customer B	N/A ⁽¹⁾	2,254
Customer C	11,257	N/A ⁽²⁾

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

(2) The corresponding revenue from Customer C commenced from July 2019.

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

6. Revenue and other income

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

Revenue

	<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>
Revenue from funds and managed accounts		
Management fee income	29,428	19,244
Performance fee income	43,143	-
	72,571	19,244
Revenue from consultancy services	516	333
	73,087	19,577

Timing of revenue recognition :-

	<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>
At a point in time	516	333
Over time	72,571	19,244
	73,087	19,577

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

6. Revenue and other income (cont'd)

Other income

	<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>
Interest income	1	11
Exchange gain, net	47	131
Sundry income	-	9
	<u>48</u>	<u>151</u>

7. Finance cost

	<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>
Interest expense on lease liabilities	68	47
Other finance costs	1	2
	<u>69</u>	<u>49</u>

8. Profit/(loss) before income tax

	<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>
Profit/(loss) before income tax is arrived at after charging :-		
Amortisation of intangible assets	12	10
Auditor's remuneration	521	252
Depreciation of plant and equipment	450	322
Depreciation of right-of-use assets	788	394
Employee benefits (including directors' remuneration)		
- Salaries and other benefits	27,599	11,637
- Pension scheme contributions	556	517
	<u>28,155</u>	<u>12,154</u>
Listing expense	11,568	-
Short-term lease expenses	<u>347</u>	<u>1,258</u>

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

9. Income tax expense

(a) Income tax expense for the period represents :-

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>
Current tax - Hong Kong		
Provision for the period	4,160	132
Current tax - United States		
Provision for the period	4,335	-
	8,495	132

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 is provided at the applicable tax rates on its estimated assessable profits for both periods. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of estimated assessable profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the six months ended 30 June 2020 and 2019, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime.

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.

9. Income tax expense (cont'd)

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

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>
Profit/(loss) before income tax	<u>21,671</u>	<u>(5,795)</u>
Tax effect at the profits tax rate of 16.5%	3,576	(955)
Tax effect of income that is not taxable	(1,824)	(4,099)
Tax effect of expense that is not deductible	3,371	4,176
Tax effect of unrecognised decelerated/(accelerated) tax allowance	50	(23)
Tax effect of unrecognised tax losses	1,049	1,159
Tax concession	(75)	(71)
Effect of tax rates in foreign jurisdictions	<u>2,348</u>	<u>(55)</u>
Income tax expense	<u>8,495</u>	<u>132</u>

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

	<i>At 30 June</i>	<i>At 31 December</i>
	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deductible temporary differences - Note 9(c)(i)		
Unutilised tax loss	29,205	22,845
Decelerated depreciation allowances	<u>231</u>	<u>8</u>
	29,436	22,853
Taxable temporary difference - Note 9(c)(ii)		
Accelerated depreciation allowances	<u>(269)</u>	<u>(351)</u>
Net deductible temporary difference	<u>29,167</u>	<u>22,502</u>

(i) Deductible temporary differences have not been recognised in these interim 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. All unutilised tax losses can be carried forward indefinitely.

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

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

10. Dividend

No dividend has been paid or declared by the Company since the date of its incorporation on 23 November 2018.

No dividend was paid or declared by the companies now comprising the Group for the six months ended 30 June 2020 and 2019.

11. Earnings /(loss) per share

The calculation of basic earnings/(loss) per share amount for the six months ended 30 June 2020 is based on the profit for the period attributable to owners of the Company of HK\$12,790,000 (2019: loss of HK\$6,237,000), and the weighted average number of ordinary shares of 300,000,000 (2019: 300,000,000) in issue during the period, adjusted for the capitalisation issue (Note 32 (a)) in connection with the listing of the Company after the end of the reporting period.

12. Plant and equipment

	<i>Furniture and fixtures HK\$'000</i>	<i>Computer equipment HK\$'000</i>	<i>Office equipment HK\$'000</i>	<i>Leasehold improve- ments HK\$'000</i>	<i>Total HK\$'000</i>
Cost :-					
At 1.1.2019	252	2,500	43	315	3,110
Additions	<u>212</u>	<u>837</u>	<u>34</u>	<u>1,081</u>	<u>2,164</u>
At 31.12.2019 and 1.1.2020	464	3,337	77	1,396	5,274
Additions	<u>-</u>	<u>213</u>	<u>-</u>	<u>-</u>	<u>213</u>
At 30.6.2020	<u>464</u>	<u>3,550</u>	<u>77</u>	<u>1,396</u>	<u>5,487</u>
Accumulated depreciation :-					
At 1.1.2019	243	2,093	43	291	2,670
Charge for the year	<u>50</u>	<u>457</u>	<u>7</u>	<u>241</u>	<u>755</u>
At 31.12.2019 and 1.1.2020	293	2,550	50	532	3,425
Charge for the period	<u>38</u>	<u>222</u>	<u>5</u>	<u>185</u>	<u>450</u>
At 30.6.2020	<u>331</u>	<u>2,772</u>	<u>55</u>	<u>717</u>	<u>3,875</u>
Net carrying value :-					
At 30.6.2020	<u>133</u>	<u>778</u>	<u>22</u>	<u>679</u>	<u>1,612</u>
At 31.12.2019	<u>171</u>	<u>787</u>	<u>27</u>	<u>864</u>	<u>1,849</u>

13. Right-of-use assets

	Office premise HK\$'000
Cost :-	
At 1.1.2019, 1.1.2020 and 30.6.2020	<u>4,745</u>
Less : Accumulated depreciation :-	
At 1.1.2019	-
Charge for the year	<u>1,190</u>
At 31.12.2019 and 1.1.2020	1,190
Charge for the period	<u>788</u>
At 30.6.2020	<u>1,978</u>
Net carrying value :-	
At 30.6.2020	<u><u>2,767</u></u>
At 31.12.2019	<u><u>3,555</u></u>

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 a right-of-use asset and a lease liability.

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

14. Intangible assets

	<i>Cost of self- developed software HK\$'000</i>	<i>Software HK\$'000</i>	<i>Total HK\$'000</i>
Cost :-			
At 1.1.2019	3,212	74	3,286
Additions	-	61	61
At 31.12.2019, 1.1.2020 and 30.6.2020	3,212	135	3,347
Less : 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 period	-	12	12
At 30.6.2020	3,212	88	3,300
Net carrying value :-			
At 30.6.2020	-	47	47
At 31.12.2019	-	59	59

15. Investments in associates

	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
Cost of unlisted investments in associates	8,015	4,727
Share of result	(230)	(179)
Accumulated impairment loss	(4,520)	(4,520)
Exchange realignment	(28)	(28)
	3,237	-

Notes :-

(a) As at 30 June 2020 and 31 December 2019, the Group had interests in the following associates established and operating in the People's Republic of China.

Name of associates	Registered capital	Percentage of ownership interest held directly by the Group		Principal activities
		As at 30 June 2020	As at 31 December 2019	
群益志投科技(成都)有限公司 (Capital True Partner Technology Co., Ltd.)	RMB 1,000,000	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.)	RMB 10,000,000	30%	NA	Providing investment management services

On 31 December 2019, 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., a limited liability company established in the People's Republic of China. Upon completion, CHMC will hold 30% of the equity interest of Holland & Muh Investment Management Co., Ltd. The effective date of the agreement is 1 January 2020.

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

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

15. Investments in associates (cont'd)

Notes (cont'd) :-

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

	Capital True Partner Technology Co., Ltd. HK\$'000	Holland & Muh Investment Management Co., Ltd. HK\$'000
<u>As at 30 June 2020</u>		
Gross amounts of the associates'		
Current assets	1,245	10,062
Non-current assets	923	19
Current liabilities	411	17
Non-current liabilities	-	-
Net assets	<u>1,757</u>	<u>10,064</u>
<u>For the six months ended 30 June 2020</u>		
Revenue	2,982	-
Profit/(loss) for the period	770	(173)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	<u>770</u>	<u>(173)</u>
		Capital True Partner Technology Co., Ltd. HK\$'000
<u>As at 31 December 2019</u>		
Gross amounts of the associate's		
Current assets		1,474
Non-current assets		832
Current liabilities		1,218
Non-current liabilities		75
Net assets		<u>1,013</u>
<u>For the six months ended 30 June 2019</u>		
Revenue		2,764
Profit for the period		274
Other comprehensive income		-
Total comprehensive income for the period		<u>274</u>

15. Investments in associates (cont'd)

Notes (cont'd) :-

(b) Summarised financial information of the associates are as follows (cont'd):-

Reconciliation of the results of associates to the share of result of associates per consolidated statement of profit or loss and other comprehensive income is as follows :-

	<i>Six months ended 30 June 2020 Capital True Partner Technology Co., Ltd. HK\$'000</i>	<i>Six months ended 30 June 2020 Holland & Muh Investment Management Co., Ltd. HK\$'000</i>	<i>Six months ended 30 June 2019 Capital True Partner Technology Co., Ltd. HK\$'000</i>
Profit/(loss) for the period	<u>770</u>	<u>(173)</u>	<u>274</u>
Group's effective interest	<u>49%</u>	<u>30%</u>	<u>49%</u>
Share of result of an associate - (i)	<u>-</u>	<u>(51)</u>	<u>-</u>

(i) In prior years, the Group stopped recognising its share of losses of the associate - Capital True Partner Technology Co., Ltd. because the Group does not have a legal or constructive obligations or made payments on behalf of the associate.

As at 30 June 2020 and 31 December 2019, there was no unrecognised share of losses of the associate.

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

	<i>At 30 June 2020 HK\$'000</i>	<i>At 31 December 2019 HK\$'000</i>
Non-current assets		
At fair value :-		
Investment in an unlisted investment fund - Note 16(a)	<u>20,836</u>	<u>18,428</u>
Current liabilities		
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 Interim Consolidated Financial Statements (cont'd)

17. Financial assets at fair value through other comprehensive income

	<i>At 30 June 2020 HK\$'000</i>	<i>At 31 December 2019 HK\$'000</i>
Unlisted shares, at fair value	<u>2,480</u>	<u>3,738</u>

Note :-

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

18. Accounts receivable

	<i>At 30 June 2020 HK\$'000</i>	<i>At 31 December 2019 HK\$'000</i>
Consultancy service fee receivable	516	561
Management fee receivable	8,493	6,228
Performance fee receivable	<u>2,342</u>	<u>8</u>
	<u>11,351</u>	<u>6,797</u>

Notes :-

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

	<i>At 30 June 2020 HK\$'000</i>	<i>At 31 December 2019 HK\$'000</i>
Less than 30 days	11,351	6,524
31 - 60 days	-	144
61 - 90 days	-	-
Over 90 days but less than 1 year	<u>-</u>	<u>129</u>
	<u>11,351</u>	<u>6,797</u>

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

	<i>At 30 June 2020 HK\$'000</i>	<i>At 31 December 2019 HK\$'000</i>
Not past due	11,351	6,236
1 - 30 days	-	288
31 - 60 days	-	144
Over 90 days but less than 1 year	<u>-</u>	<u>129</u>
	<u>11,351</u>	<u>6,797</u>

19. Other receivables

	<i>At 30 June 2020 HK\$'000</i>	<i>At 31 December 2019 HK\$'000</i>
Deposits	865	1,207
Other receivables	43	733
Prepayments	1,427	1,404
Prepaid listing expenses	<u>3,842</u>	<u>1,523</u>
	<u>6,177</u>	<u>4,867</u>

20. Amount due from an associate

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

21. Cash and cash equivalents

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

22. Accruals and other payables

	<i>At 30 June 2020 HK\$'000</i>	<i>At 31 December 2019 HK\$'000</i>
Accrued employee benefits	14,014	4,176
Accrued listed expenses	4,055	2,329
Accrued expenses	2,004	2,322
Other payables	<u>2,343</u>	<u>2,049</u>
	<u>22,416</u>	<u>10,876</u>

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

23. Lease liabilities

The remaining contractual maturities of lease liabilities are as follows :-

	Minimum lease payments		Present value of minimum lease payments	
	As at 30.6.2020 HK\$000	As at 31.12.2019 HK\$000	As at 30.6.2020 HK\$000	As at 31.12.2019 HK\$000
Within 1 year	1,744	1,744	1,657	1,624
More than 1 year but within 2 years	1,308	1,744	1,286	1,690
More than 2 years but within 5 years	-	436	-	433
	3,052	3,924	2,943	3,747
Less :				
Future interest expense	(109)	(177)		
Present value of lease liabilities	2,943	3,747		

The total cash outflow for leases for the six months ended 30 June 2020 and 2019 were approximately HK\$1,219,000 and HK\$1,515,000 respectively.

24. Share capital and premium

	Number of shares	Share capital HK\$000	Share premium HK\$000	Total HK\$000
Authorised :				
Ordinary shares of HK\$0.01 each	<u>1,000,000</u>	<u>10</u>		
Issued and fully paid :				
At 1.1.2019, 31.12.2019 and 30.6.2020	<u>218,220</u>	<u>2</u>	<u>32,484</u>	<u>32,486</u>

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.

Upon incorporation, 1 ordinary share was allotted and issued to a nominee subscriber at par value. On the same day, the nominee subscriber transferred the one subscriber share to Red Seven Investment Ltd. at a consideration of HK\$0.01, and an additional 218,219 ordinary shares of HK\$0.01 each in the Company was allotted and issued to the shareholders of True Partner Singapore Holding Pte. Ltd for a consideration of HK\$32,486,300. After the allotment, the Company became owned by the same shareholders and in the same shareholding as True Partner Singapore Holding Pte. Ltd.

Details of issue of shares subsequent to the end of the reporting period are set out in Note 32 to the interim consolidated financial statements.

25. 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 period.

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 Subsidiaries are 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 Subsidiaries during the period.

26. Reserves

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

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

27. Related party transactions

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

			<i>Six months ended 30 June</i>	
			<i>2020</i>	<i>2019</i>
<i>Name of related parties</i>	<i>Nature of transactions</i>	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>
True Partner Fund ("TPF")	Management and performance fee income	(i), (ii)	59,555	20,955
True Partner Volatility Fund ("TPVF")	Management and performance fee income	(i), (iii)	5,538	1,481

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

(ii) For the six months ended 30 June 2020 and 2019, included in the management and performance fee income from TPF is an amount of HK\$497,000 and HK\$136,000 respectively attributable to the investments in TPF held by True Partner Advisor Limited, a subsidiary of the Company.

(iii) For the six months ended 30 June 2020 and 2019, included in the management and performance fee income from TPVF is an amount of approximately HK\$30,000 and HK\$25,000 respectively attributable to the investments in TPVF held by a Director of the Company.

(b) Compensation of key management personnel

	<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>
Short-term employee benefits	6,509	5,424
Pension scheme contributions	120	155
	6,629	5,579

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.

28. Operating lease commitments

As at 30 June 2020 and 31 December 2019, the Group had the following commitments for future minimum lease payments in respect of short-term leases.

	<i>At 30 June 2020 HK\$'000</i>	<i>At 31 December 2019 HK\$'000</i>
Within one year	<u>443</u>	<u>113</u>

29. Reconciliation of liabilities arising from financing activities

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

	<i>Lease liabilities HK\$'000</i>
At 1.1.2019	-
Changes from financing cash flows :-	
Principal element of lease rentals payment	(210)
Interest paid	<u>(47)</u>
	<u>(257)</u>
Other changes :-	
Increase in lease liabilities from entering into new leases during the period	4,745
Interest expense	<u>47</u>
	<u>4,792</u>
At 30.6.2019 (unaudited)	<u><u>4,535</u></u>
	<i>HK\$'000</i>
At 1.1.2020	3,747
Changes from financing cash flows :-	
Principal element of lease rentals payment	(804)
Interest paid	<u>(68)</u>
	<u>(872)</u>
Other changes :-	
Interest expense	<u>68</u>
At 30.6.2020	<u><u>2,943</u></u>

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

30. Financial instruments

(a) Categories of financial instruments

At 30 June 2020

<i>Financial assets</i>			
	<i>Financial assets at fair value through profit or loss</i>	<i>Financial assets at fair value through other comprehensive income</i>	<i>Total</i>
	<i>at amortised cost</i>	<i>at fair value through profit or loss</i>	<i>at fair value through other comprehensive income</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets at fair value through profit or loss	-	20,836	-
Financial assets at fair value through other comprehensive income	-	-	2,480
Accounts receivable	11,351	-	-
Other receivables	6,177	-	-
Deposits placed with a broker	159	-	-
Cash and cash equivalents	79,974	-	-
	<u>97,661</u>	<u>20,836</u>	<u>2,480</u>
			<u>120,977</u>

<i>Financial liabilities</i>			
	<i>Financial liabilities at amortised cost</i>	<i>Financial liabilities at fair value through profit or loss</i>	<i>Total</i>
	<i>at amortised cost</i>	<i>at fair value through profit or loss</i>	<i>at fair value through profit or loss</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accruals and other payables	22,416	-	22,416
Financial assets at fair value through profit or loss	-	2	2
Lease liabilities	2,943	-	2,943
	<u>25,359</u>	<u>2</u>	<u>25,361</u>

30. Financial instruments (cont'd)

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

At 31 December 2019

	Financial assets			Total
	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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>
Financial liabilities				
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss		Total
	HK\$'000	HK\$'000		HK\$'000
Payable to a broker	97	-		97
Accruals and other payables	10,876	-		10,876
Financial assets 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>

30. 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 30 June 2020 and 31 December 2019.

	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
<i>Financial assets denominated in foreign currencies :-</i>		
Account and other receivables	53	54
Amount due from an associate	-	471
Deposits placed with a broker	19	141
Cash and bank balances	12,887	19,520
<i>Financial liabilities denominated in foreign currencies :-</i>		
Accruals and other payables	<u>(2,596)</u>	<u>(1,823)</u>
Net financial assets exposed to currency risk	<u>10,363</u>	<u>18,363</u>

30. 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 :-

	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
United States dollar	9,318	17,950
Hong Kong dollar	1,387	183
Chinese Yuan Renminbi	-	471
Australian dollar	-	22
Swiss Franc	19	19
South Korean Won	-	17
Euro	1,148	603
Pound Sterling	(1,449)	(839)
Singapore dollar	(60)	(63)
	<u>10,363</u>	<u>18,363</u>

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 30 June 2020 devalue by 10% against other foreign currencies, the Group's carrying amount of net financial assets exposed to currency risk as at 30 June 2020 in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would increase and the Group's equity at 30 June 2020 would increase by approximately HK\$34,000, profit for the six months ended 30 June 2020 would increase by approximately HK\$34,000.

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

30. Financial instruments (cont'd)

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

Other price risks

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 six months ended 30 June 2020 would increase/decrease by less than HK\$1,000 and the Group's post-tax loss for the year ended 31 December 2019 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 30 June 2020 and 31 December 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.

30. 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.

30. Financial instruments (cont'd)

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

Liquidity risk management

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

Liquidity table

The following table summarises the maturity profile of the Group's financial liabilities as at 30 June 2020 and 31 December 2019 based on contractual undiscounted cash flows.

	<i>On demand or within one 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 bonus HK\$'000</i>	<i>Carrying amount HK\$'000</i>
At 30 June 2020					
Accruals and other payables	22,416	-	-	22,416	22,416
Lease liabilities	1,744	1,308	-	3,052	2,943
	<u>24,160</u>	<u>1,308</u>	<u>-</u>	<u>25,468</u>	<u>25,359</u>
At 31 December 2019					
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>

30. Financial instruments (cont'd)

(c) Fair value measurements of financial instruments

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

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

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

	<i>As at 30 June 2020</i>			
	<i>Level 1 HK\$'000</i>	<i>Level 2 HK\$'000</i>	<i>Level 3 HK\$'000</i>	<i>Total HK\$'000</i>
Financial assets				
Financial assets at fair value through profit or loss				
- Unlisted investment funds	-	20,836	-	20,836
Financial assets at fair value through other comprehensive income				
- Unlisted shares	-	-	2,480	2,480
Financial liabilities				
Financial liabilities at fair value through profit or loss				
- Short position	2	-	-	2
	<u>2</u>	<u>20,836</u>	<u>2,480</u>	<u>23,318</u>

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

30. Financial instruments (cont'd)

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

	<i>As at 31 December 2019</i>			
	<i>Level 1 HK\$'000</i>	<i>Level 2 HK\$'000</i>	<i>Level 3 HK\$'000</i>	<i>Total HK\$'000</i>
Financial assets				
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
Financial liabilities				
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>22,168</u>

30. 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 for the six months ended 30 June 2020 and for the year ended 31 December 2019.

	<i>Six months ended 30 June 2020 HK\$'000</i>	<i>Year ended 31 December 2019 HK\$'000</i>
Unlisted shares		
At beginning of the period/year	3,738	4,797
Changes in fair value recognised in other comprehensive income	<u>(1,258)</u>	<u>(1,059)</u>
At end of the period/year	<u><u>2,480</u></u>	<u><u>3,738</u></u>

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

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

30. Financial instruments (cont'd)

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

Information about Level 3 fair value measurements is as follows :-

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

The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2020 and 31 December 2019, 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 six months ended 30 June 2020 and for the year ended 31 December 2019 by approximately HK\$47,000 and HK\$70,000 respectively.

31. 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.

	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
Current assets	17,945	20,821
Non-current assets	137	186
Current liabilities	7,789	11,501
Non-current liabilities	-	-
Net assets	<u>10,293</u>	<u>9,506</u>
	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000 (Unaudited)
Revenue	16,691	14,126
Profit for the period	788	632
Other comprehensive income	-	-
Total comprehensive income for the period	<u>788</u>	<u>632</u>

32. Events after the reporting period**(a) Capitalisation issue**

Pursuant to the shareholder resolution dated 22 September 2020, the Company allotted and issued 299,781,780 shares of HK\$0.01 each at par value to the then existing shareholders. This resolution was conditional upon the share premium account being credited as a result of the Company's initial public offering and pursuant to this resolution, a sum of HK\$2,997,818 standing to the credit of the share premium account as of 16 October 2020 was subsequently applied in paying up this capitalisation issue in full.

(b) Issue of ordinary shares by initial public offering

On 16 October 2020, the Company issued 100,000,000 ordinary shares at a price of HK\$1.40 per share by way of

public offering of the Company's shares on the GEM of the Stock Exchange of Hong Kong Limited.

(c) COVID-19 outbreak

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place precautionary, control and contingency measures which has been implemented in different office locations. The Group will continue to monitor the development of the COVID-19 outbreak and market situation, and assess its impact on the Group's financial position and operating results. As at the end of the reporting period, the Group is not aware of any material adverse effects on its operations and financial position.

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

33. Particulars of principal subsidiaries of the Company

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

Name of subsidiary	Place of incorporation	Issued and fully paid-up capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			As at 30.6.2020	As at 31.12.2019	
Held by the Company					
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	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

The above table lists the subsidiaries of the Company which, in the opinion of the Directors of the Company, principally affected the results or assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

All of the above principal subsidiaries were incorporated/established with limited liability.