True Partner Capital Holding

TRUE PARTNER CAPITAL HOLDING LIMITED

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

(Stock Code: 8657)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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

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

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

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

Corporate Overview

– **Established in 2010, by a team of former market makers, True Partner Capital Holding** is a specialised hedge fund manager

– **Focused on volatility trading in liquid markets**, principally in equity index futures, options and ETFs

– Diversified **global investor base** across our products

– **Stable and experienced management:** key personnel have worked together for almost a decade

– Specialised segment of asset management with **a history of growth**

– 3-T Model – Combination of **advanced technology** with **experienced team covering specialised trading strategies**

– **Global coverage** to enable **trading around the clock**, with offices in Asia, the US and Europe

– The Company benefits from **proprietary technology** that shapes its trading approach and includes a range of modules and tools

– Potential **growth opportunities** in adjacent market segments leveraging **scalable investment platform**

THIRD QUARTERLY RESULTS 2023

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

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

For the nine and three months ended 30 September 2023

		Nine months ended 30 September		**Three months ended 30 September**	
		2023	2022	**2023**	2022
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Fee income		**11,438**	35,493	**2,748**	10,497
Net trading loss		**(11)**	–	**(11)**	–
Total revenue	*4*	**11,427**	35,493	**2,737**	10,497
Other income and gain		**864**	39	**100**	23
Direct costs		**(1,352)**	(2,823)	**(338)**	(668)
Fair value gain/(loss) on financial assets at fair value through profit or loss		**285**	(835)	**177**	(408)
General and administrative expenses		**(56,073)**	(53,645)	**(18,336)**	(17,698)
Finance costs		**(97)**	(137)	**(28)**	(53)
Share of results of associates		**(166)**	(399)	**61**	(98)
Loss before income tax	*5*	**(45,112)**	(22,307)	**(15,627)**	(8,405)
Income tax expense	*6*	**(329)**	(241)	**(110)**	(83)
Loss for the period		**(45,441)**	(22,548)	**(15,737)**	(8,488)

	Note	Nine months ended 30 September		Three months ended 30 September	
		2023	2022	**2023**	2022
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Other comprehensive (loss)/income					
Item that will be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		**(367)**	(1,702)	**(548)**	(900)
Item that will not be reclassified to profit or loss:					
Fair value gain on financial assets designated at fair value through other comprehensive income		**–**	2,909	**–**	–
Other comprehensive (loss)/income		**(367)**	1,207	**(548)**	(900)
Total comprehensive loss for the period		**(45,808)**	(21,341)	**(16,285)**	(9,388)
Loss for the period attributable to:					
Owners of the Company		**(45,441)**	(22,676)	**(15,737)**	(8,488)
Non-controlling interest		**–**	128	**–**	–
		(45,441)	(22,548)	**(15,737)**	(8,488)
Total comprehensive loss for the period attributable to:					
Owners of the Company		**(45,808)**	(21,469)	**(16,285)**	(9,388)
Non-controlling interest		**–**	128	**–**	–
		(45,808)	(21,341)	**(16,285)**	(9,388)
Loss per share (HK cents)					
– Basic and diluted	*8*	**(11.36)**	(5.67)	**(3.93)**	(2.12)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

			Reserves								
	Share capital	Share premium	Group reorganisation reserve	Exchange reserve	Fair value reserve *(Note (i))*	Capital reserve *(Note (ii))*	Share option reserve	Retained profits/ (accumulated losses)	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.1.2022 (audited)	4,000	153,074	1,145	(662)	(2,293)	7,234	2,479	34,641	199,618	5,798	205,416
Loss for the period	–	–	–	–	–	–	–	(22,676)	(22,676)	128	(22,548)
Other comprehensive (loss)/income	–	–	–	(1,702)	2,909	–	–	–	1,207	–	1,207
Total comprehensive loss for the period	–	–	–	(1,702)	2,909	–	–	(22,676)	(21,469)	128	(21,341)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	(8,327)	–	–	(8,327)	(5,926)	(14,253)
Transfer of gain on disposal of financial assets at fair value through other comprehensive income	–	–	–	–	(616)	–	–	616	–	–	–
Recognition of equity-settled share-based payment expense	–	–	–	–	–	–	1,538	–	1,538	–	1,538
At 30.9.2022 (unaudited)	**4,000**	**153,074**	**1,145**	**(2,364)**	**-**	**(1,093)**	**4,017**	**12,581**	**171,360**	**-**	**171,360**
At 1.1.2023 (audited)	**4,000**	**153,074**	**1,145**	**(1,076)**	**-**	**(1,093)**	**4,099**	**1,621**	**161,770**	**-**	**161,770**
Loss for the period	-	-	-	-	-	-	-	(45,441)	(45,441)	-	(45,441)
Other comprehensive loss	-	-	-	(367)	-	-	-	-	(367)	-	(367)
Total comprehensive loss for the period	-	-	-	(367)	-	-	-	(45,441)	(45,808)	-	(45,808)
Share options lapsed	-	-	-	-	-	-	(4,099)	4,099	-	-	-
At 30.9.2023 (unaudited)	**4,000**	**153,074**	**1,145**	**(1,443)**	**-**	**(1,093)**	**-**	**(39,721)**	**115,962**	**-**	**115,962**

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.

NOTES TO THE THIRD QUARTERLY FINANCIAL INFORMATION

1. Corporate information

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is located at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands and its principal place of business is located at Suites 2902-03, 29/F., Tower 2, The Gateway, Harbour City, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in fund management business, derivative trading 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 quarterly financial information has been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted in preparing the quarterly financial information are consistent with those applied in the consolidated financial statements of the Group for the year ended 31 December 2022.

The quarterly financial information has been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are carried at fair value at the end of the reporting period.

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

3. **Segment information**

(a) ***Geographical information***

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

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

	Nine months ended 30 September		**Three months ended 30 September**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Hong Kong	**8,389**	28,822	**2,303**	8,105
Chicago	**3,038**	6,671	**434**	2,392
	11,427	35,493	**2,737**	10,497

(b) ***Information about major customers***

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

	Nine months ended 30 September		**Three months ended 30 September**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Customer A	**6,604**	13,099	**1,638**	3,543
Customer B	**N/A[(1)]**	11,387	**N/A[(1)]**	3,795
Customer C	**1,734**	5,717	**434**	1,438
Customer D	**1,187**	N/A[(1)]	**385**	N/A[(1)]
Customer E	**1,304**	N/A[(1)]	**N/A[(1)]**	N/A[(1)]

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

4. Revenue

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

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Total revenue from contracts with customers within the scope of HKFRS 15:				
Fee income from funds and managed accounts				
Management fee income	**10,829**	35,055	**2,457**	10,497
Performance fee income	**–**	6	**–**	–
	10,829	35,061	**2,457**	10,497
Fee income from consultancy services	**609**	432	**291**	–
	11,438	35,493	**2,748**	10,497
Other source:				
Net trading loss				
Net loss on derivatives	**(11)**	–	**(11)**	–
Total revenue	**11,427**	35,493	**2,737**	10,497

Timing of revenue recognition for fee income from customers:

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
At a point of time	**609**	432	**291**	–
Over time	**10,829**	35,061	**2,457**	10,497
	11,438	35,493	**2,748**	10,497

5. Loss before income tax

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss before income tax is arrived at after charging:				
Amortisation of intangible assets	**212**	213	**70**	69
Auditor's remuneration	**1,159**	1,142	**383**	374
Depreciation of plant and equipment	**1,162**	1,121	**372**	353
Depreciation of right-of-use assets	**1,025**	1,280	**319**	394
Short-term lease expenses	**1,405**	587	**511**	208
Employee benefits (including directors' remuneration)				
– Salaries and other benefits	**32,385**	28,702	**10,526**	8,976
– Equity-settled share-based payment expense	**–**	1,538	**–**	513
– Pension scheme contributions	**1,315**	1,104	**403**	331
	33,700	31,344	**10,929**	9,820
Exchange loss	**1,170**	1,179	**574**	578
Interest expense on lease liabilities	**97**	102	**28**	45

Note:

For the nine months ended 30 September 2022, the offered government grants from Employment Support Scheme under the Anti-epidemic Fund of HKSAR Government amounted to HK$275,200 have been offset against employee benefits expense.

6. Income tax expense

Income tax expense for the period represents:

	Nine months ended 30 September		Three months ended 30 September	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax – Hong Kong				
Provision for the period	**329**	241	**110**	83

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

For the group entities that are domiciled and operate in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong during the period ended 30 September 2023, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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

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

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

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

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

7. Dividend

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

8. Loss per share

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

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

	Nine months ended 30 September		**Three months ended 30 September**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss for the period attributable to the owners of the Company	**(45,441)**	(22,676)	**(15,737)**	(8,488)

	Nine months ended 30 September		**Three months ended 30 September**	
	2023	2022	**2023**	2022
Number of shares				
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**400,000,000**	400,000,000	400,000,000	400,000,000

Note:

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

9. Approval of the unaudited quarterly financial information

The unaudited quarterly financial information was approved and authorised for issue by the board of directors on 14 November 2023.

Selected financial highlights

	Nine months ended 30 September		
	2023	2022	%
	HK$'000	*HK$'000*	Change
	(Unaudited)	(Unaudited)	
Total Revenue	**11,427**	35,493	(68)
Revenue from fund management business	**10,829**	35,061	(69)
Revenue from consultancy services	**609**	432	41
Net trading loss	**(11)**	–	NA
Gross profit	**10,075**	32,669	(69)
Operating loss *Note 1*	**(45,134)**	(20,936)	116
Loss for the period	**(45,441)**	(22,548)	102
Loss attributable to owners of the Company	**(45,441)**	(22,676)	100
Total comprehensive loss	**(45,808)**	(21,341)	115
Loss per share (HK cents) – Basic and diluted *Note 2*	**(11.36)**	(5.67)	100

Notes:

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

2. The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the Company of HK$45,441,000 (2022: HK$22,676,000), and the weighted average number of ordinary shares of 400,000,000 shares in issue during the period. Diluted loss per share for the period ended 30 September 2023 and 2022 is the same as the basic loss per share as the effect of the conversion of the Company's share options would result in an antidilutive effect on the loss per share.

Selected Business and Financial Highlights

– The nine months ended 30 September 2023 (the "**Reporting Period**") saw a rally in global equity markets, continuing the gains seen in Q4 2022, despite signs that further tightening would be needed from central banks. Measures of equity index volatility generally saw strong declines over the Reporting Period.

– The MSCI World Total Return Hedged to US Dollars ("**MSCI World**") had a gain of +12.9% over the Reporting Period, building on a +7.7% rise in Q4 2022. The MSCI World experienced gains in Q1 2023 (+7.7%) and in Q2 2023 (+7.4%), but then had a small loss in Q3 2023, finishing down -2.4%. The Bloomberg Global Government Bond Index Hedged to US Dollars ("**Global Bond Index**") had a gain of +1.5% over the Reporting Period, with gains in each of Q1 and Q2 2023, followed by a loss in Q3 2023.

– Popular measures of at-the-money implied volatility declined over the Reporting Period. The VIX index fell from 21.7 to 17.5 over the first nine months of the year. A similar measure for the Euro Stoxx 50 fell from 20.9 to 17.5, while the equivalent measures in the Japanese Nikkei fell from 19.9 to 18.4 and in the Korean Kospi 200 index from 18.4 to 15.1 respectively. These measures provide a snapshot of implied volatility at different points in time but are not directly tradable.[1] Of these various indices, the VIX has the most liquid derivatives market, via VIX futures and options. The ProShares VIX Short-Term Futures ETF ("**VIX ETF**"), which systematically buys and rolls short-term VIX futures, can be seen as a proxy for the performance of continuously holding a long position in short-term VIX futures. The VIX ETF was down by -59.1% over the Reporting Period (after it had already declined by -33.5% in Q4 2022).[2]

– The nine months ended 30 September 2023 was also a difficult period for strategies that seek to be long protection on equity indices. To illustrate this, one can compare the returns of the CBOE S&P 500 5% Put Protection Index (the "**Put Protection Index**") with the returns of the S&P 500 Total Return Index ("**S&P 500 TR**"). US equities are by some way the largest component of the MSCI World index. The Put Protection Index is a simulated strategy that holds a long position in the S&P 500 and also systematically buys 5% out of the money put options on the S&P 500 according to a set schedule. The relative returns of the Put Protection Index and the S&P 500 TR thus can serve as an illustration of the relative costs and benefits of holding downside protection on US equities.

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

2 Sources: Bloomberg, True Partner

– Over the Reporting Period, the Put Protection Index was up +8.7%, while the S&P 500 TR was up +13.1%, i.e. the Put Protection Index underperformed the S&P 500 TR by -4.3%, which can be attributed to the cost of holding protection. While the Put Protection index would naturally be expected to underperform in a rising equity market, the differential followed an underperformance of -1.7% in 2022, where the Put Protection index had a larger loss than the S&P 500 TR (-19.8% vs. -18.1%), despite holding protection in a market where the S&P 500 TR fell -18.1%. Our strategies are absolute return and alpha focused and as such different to the Put Protection Index, but this does illustrate the difficult environment for protective strategies over both the Reporting Period and during 2022.

– This backdrop would generally be expected to create a relatively challenging environment for our index volatility trading. The Group's trading strategies are predominantly relative value in nature, but historically have seen their best performance in periods of falling equity markets and rising volatility. However, our relative value volatility strategy was able to preserve capital and to deliver a small positive return of +0.50% over the nine months ended 30 September 2023. Adjusted for the updated fee structure effective as of October 1, 2023, our relative value strategy would be up +1.3% over the Reporting Period.[3] Our relative value volatility strategy also exhibited a negative correlation and beta to equity markets over the period, providing diversification benefits to investors. The worst month for the MSCI World over the Reporting Period was September 2023, which was the best month for our relative value strategy over the same period.

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

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3 This material is not in any way intended to solicit investment in our fund products or managed accounts. Our fund products and managed accounts are only available to appropriately qualified investors and are not marketed in certain jurisdictions. The performance of certain fund products the Group regards as relevant to shareholders is disclosed to the Exchange on a voluntary basis monthly. Performance of certain fund products is also reported to Bloomberg and certain databases of hedge fund performance. The management fee for the reporting share class of the True Partner Fund was adjusted effective 1 October 2023 as previously communicated to shareholders.

4 The Group considers these indices to be relevant benchmarks of peer performance as they are comprised of hedge funds trading different types of volatility strategies.

– The Group's assets under management were lower relative to the comparable period in 2022 and relative to the level at 30 June 2023. Assets under management were US$1,085 million as of 30 September 2023 as compared to US$1,708 million as of 30 September 2022, $1,516 million as of 31 December 2022 and US$1,164 million as of 30 June 2023. The decrease in assets under management over the nine months ended 30 September 2023 was primarily driven by the investment portfolio adjustments of some investors. Based on our discussions with the relevant investors, we understand that the majority of the change in assets under management over the nine months to 30 September 2023 occurred for idiosyncratic, client-specific reasons and did not reflect a change in conviction in our investment approach.

– Revenues for the nine months ended 30 September 2023 were HK$11.4 million. This compares to revenues of HK$35.5 million for the nine months ended 30 September 2022. The decrease in revenue was primarily due to the decrease in assets under management and shifts in product mix over the period. These factors had the result of lowering the average level of assets under management and the average management fee charged on the Group's assets under management for the nine months ended 30 September 2023 as compared to the nine months ended 30 September 2022.

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

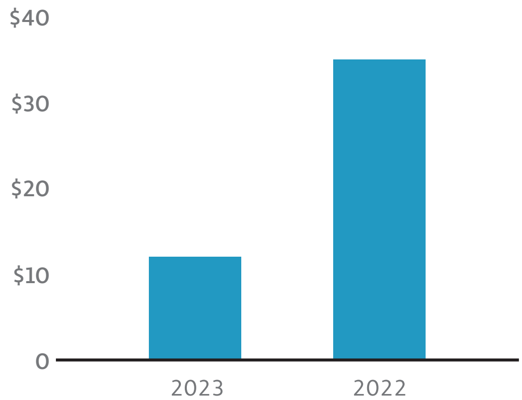
– General and administrative expenses were HK$56.1 million in the nine months ended 30 September 2023, as compared to HK$53.6 million in the nine months ended 30 September 2022. The increase in expenses was primarily due to an increase in staff cost since the overall number of personnel was higher in the nine months ended 30 September 2023 as compared to the comparable period in 2022. Other drivers of increased expense included data expenses and administrative expenses as the Group has been working on the expansion of its operations in Europe and Asia in line with the use of proceeds outlined in the prospectus of the Company dated 30 September 2020 (the "**Prospectus**").

– The Group's loss before income tax was a loss of HK$45.1 million in the nine months ended 30 September 2023, as compared to a loss of HK$22.3 million in the comparable period in 2022. Loss attributable to owners of the company was HK$45.4 million in the nine months ended 30 September 2023 (after tax), as compared to a loss of HK$22.7 million in the comparable period of 2022.

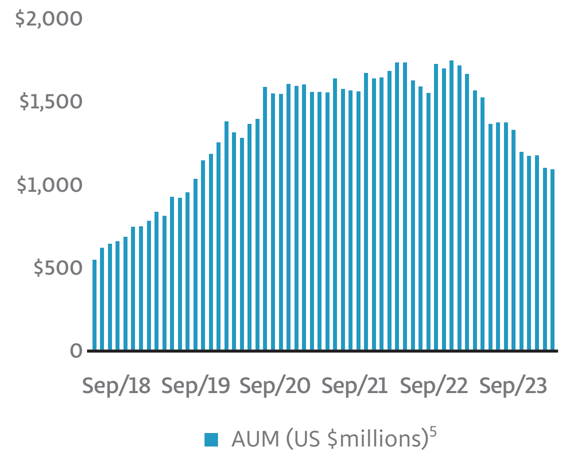
Selected Highlights

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

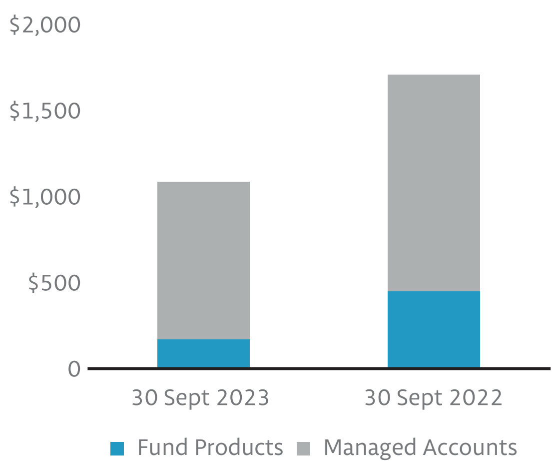
Revenues



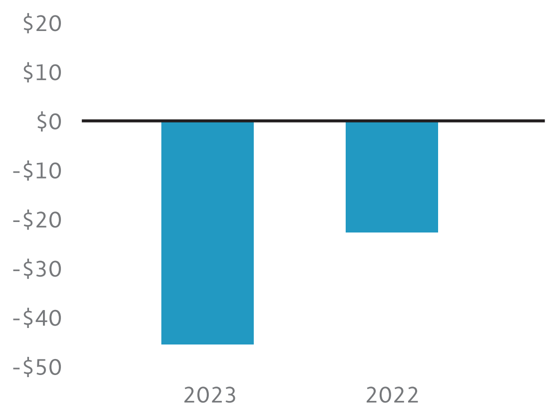
Assets under management ("AUM") over the last 5 years



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



Loss attributable to owners of the Company



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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a Hong Kong, Europe and US based fund management group with a focus on volatility trading in liquid markets. The Company and its subsidiaries (together as the "**Group**") principally manage funds and managed accounts on a discretionary basis using a global relative value volatility strategy and other volatility strategies developed by the Group. The Company may also engage in limited trading of proprietary capital, principally via derivatives, as part of its research into new strategies and markets that may be appropriate for inclusion in the mandates it runs for external clients. The strategies run by the Group principally involve the active trading of liquid exchange listed derivatives (including equity index options, large cap single stock options, as well as futures, exchange traded funds and equities) across major markets (including the US, Europe and Asia) and different time zones. Our trading decisions are supported by our in-house proprietary trading platform (embedded with option pricing and volatility surface models) designed for our specific way of trading and which enables real-time pricing of implied volatilities, quantitative comparisons, risk management as well as speedy execution of trades. Our team's collective expertise and specialised knowledge in options and volatility trading is the foundation of our proprietary trading technology.

Our firm assets under management are US$1,085 million as of 30 September 2023 and we currently manage or advise on both fund products and managed accounts. Our longest running fund product was launched in July 2011 and was later restructured into a master-feeder structure to facilitate investments from US taxable investors. In 2016 we launched a further fund, which is similarly structured, but with a trading strategy which has a long volatility bias. Together with International Asset Management ("**IAM**"), we made our strategy available in UCITS format in June 2019, with the launch of a cobranded fund product for which a subsidiary of the Group is the sub-investment manager and IAM is the investment manager. IAM was founded in 1989 and is one of the oldest independent asset management firms specialising in hedge funds and alternative UCITS investments. Assets under management relating to these fund products are grouped together as "fund vehicles" above and below. In addition to funds launched by us or co-branded with us, we also enter investment management mandates with third parties who allocate a sub-fund of their umbrella fund or a portion of their assets to be managed by us. While such arrangements may have different underlying structures in accordance with client preferences, for simplicity we group assets under management relating to these mandates under "managed accounts" above and below.

As of 30 September 2023, our assets under management comprised of US$168 million in comingled fund products (including funds where the Group is a sub-investment manager) and US$917 million in managed accounts or similar arrangements, including fund-of-one structures. The investors in funds and accounts managed or advised by us are mainly professional investors, which may include collective investment undertakings, family offices, pension funds, endowments/foundations, financial institutions and high net worth individuals.

Market Environment

The nine months ended 30 September 2023 saw a rally in global equity markets, continuing the gains seen in Q4 2022, despite signs that further tightening would be needed from central banks. Measures of equity index volatility generally saw strong declines over the Reporting Period.

The MSCI World Total Return Hedged to US Dollars ("**MSCI World**") had a gain of +12.9% over the Reporting Period, building on a +7.7% rise in Q4 2022. The MSCI World experienced gains in Q1 2023 (+7.7%) and in Q2 2023 (+7.4%), but then had a small loss in Q3 2023, finishing down -2.4%. The Bloomberg Global Government Bond Index Hedged to US Dollars ("**Global Bond Index**") had a gain of +1.5% over the Reporting Period, with gains in each of Q1 and Q2 2023, followed by a loss in Q3 2023.

Popular measures of at-the-money implied volatility declined over the Reporting Period. The VIX index fell from 21.7 to 17.5 over the first nine months of the year. A similar measure for the Euro Stoxx 50 fell from 20.9 to 17.5, while the equivalent measures in the Japanese Nikkei fell from 19.9 to 18.4 and in the Korean Kospi 200 index from 18.4 to 15.1 respectively. These measures provide a snapshot of implied volatility at different points in time but are not directly tradable.[6] Of these various indices, the VIX has the most liquid derivatives market, via VIX futures and options. The ProShares VIX Short-Term Futures ETF ("**VIX ETF**"), which systematically buys and rolls short-term VIX futures, can be seen as a proxy for a long short-term VIX futures position. The VIX ETF was down by -59.1% over the Reporting Period (after it had already declined by -33.5% in Q4 2022).[7]

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

7 Sources: Bloomberg, True Partner

The nine months ended 30 September 2023 was also a difficult period for strategies that seek to be long protection on equity indices. To illustrate this, one can compare the returns of the CBOE S&P 500 5% Put Protection Index (the "**Put Protection Index**") with the returns of the S&P 500 Total Return Index ("**S&P 500 TR**"). US equities are by some way the largest component of the MSCI World index. The Put Protection Index is a simulated strategy that holds a long position in the S&P 500 and also systematically buys 5% out of the money put options on the S&P 500 according to a set schedule. The relative returns of the Put Protection Index and the S&P 500 TR thus can serve as an illustration of the relative costs and benefits of holding downside protection on US equities.

Over the Reporting Period, the Put Protection Index was up +8.7%, while the S&P 500 TR was up +13.1%, i.e. the Put Protection Index underperformed the S&P 500 TR by -4.3%, which can be attributed to the cost of holding protection. While the Put Protection index would naturally be expected to underperform in a rising equity market, the differential followed an underperformance of -1.7% in 2022, where the Put Protection index had a larger loss than the S&P 500 TR (-19.8% vs. -18.1%), despite holding protection in a market where the S&P 500 TR fell -18.1%. Our strategies are absolute return and alpha focused and as such different to the Put Protection Index, but this does illustrate the difficult environment for protective strategies over the Reporting Period and during 2022.

Investment Performance

This backdrop would generally be expected to create a relatively challenging environment for our index volatility trading. The Group's trading strategies are predominantly relative value in nature, but historically have seen their best performance in periods of falling equity markets and rising volatility. However, our relative value volatility strategy was able to preserve capital and to deliver a small positive return of +0.50% over the nine months ended 30 September 2023. Adjusted for the updated fee structure effective as of October 1, 2023, our relative value strategy would be up +1.3% over the Reporting Period.[8] Our relative value volatility strategy also exhibited a negative correlation and beta to equity markets over the period, providing diversification benefits to investors. In particular, the best month for the strategy over the Reporting Period was September 2023, which was also the worst month for the MSCI World over the same period.

8 This material is not in any way intended to solicit investment in our fund products or managed accounts. Our fund products and managed accounts are only available to appropriately qualified investors and are not marketed in certain jurisdictions. The performance of certain fund products the Group regards as relevant to shareholders is disclosed to the Exchange on a voluntary basis monthly. Performance of certain fund products is also reported to Bloomberg and certain databases of hedge fund performance. The management fee of the True Partner Fund was adjusted effective October 1, 2023, as previously communicated to shareholders.

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

Financial Performance

The Group's primary source of revenue is its fund management business. Fund management revenue are derived from both management fees and from performance fees. Revenue for the nine months ended 30 September 2023 were HK$11.4 million as compared to revenue of HK$35.5 million for the nine months ended 30 September 2022. The decrease in revenue was primarily due to shifts in product mix over the period and a decrease in assets under management. This had the result of lowering the average level of assets under management and the average management fee charged on the Group's assets under management for the nine months ended 30 September 2023 as compared to the nine months ended 30 September 2022.

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

9 The Group considers these indices to be relevant benchmarks of peer performance as they are comprised of hedge funds trading different types of volatility strategies.

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

General and administrative expenses were HK$56.1 million in the nine months ended 30 September 2023, as compared to HK$53.6 million in the nine months ended 30 September 2022. The increase in expenses was primarily due to an increase in staff cost as the overall number of personnel was higher in the nine months ended 30 September 2023 as compared to the nine months ended 30 September 2022. Other drivers of increased expense included data expenses and administrative expenses as the Group has been working on the expansion of its operations in Europe and Asia in line with the use of proceeds outlined in the Prospectus.

The Group's loss before income tax was a loss of HK$45.1 million in the nine months ended 30 September 2023, as compared to a loss of HK$22.3 million in the comparable period in 2022. Loss attributable to owners of the company was HK$45.4 million in the nine months ended 30 September 2023 (after tax), as compared to a loss of HK$22.7 million in the comparable period of 2022. The Group's comprehensive income attributable to owners of the company was a loss of HK$45.8 million in the nine months ended 30 September 2023 as compared to a loss of HK$21.3 million in the comparable period of 2022.

During the third quarter of 2023 the Group has reviewed its operations and made adjustments where it was able to identify redundancies and opportunities for efficiency gains. These adjustments are mostly expected to take effect during the fourth quarter of 2023 and during 2024. While expenses are subject to uncertainty and the influence of a range of factors, the Group expects to see some benefit from these adjustments over the following twelve months. These adjustments do not alter the Company's plans as outlined in the Prospectus.

Assets Under Management

The Group reports its assets under management in US dollars.[10] US dollars are the base currency of most of the Group's fund vehicles and managed accounts. The Group had \$1,085 million in assets under management as of 30 September 2023 as compared to \$1,708 million in assets under management as of 30 September 2022, representing a decrease of \$623 million or 36%. Assets under management also decreased by a smaller amount relative to 30 June 2023 from \$1,164 million to \$1,085 million as of 30 September 2023. The decrease relative to the comparable period of 2022 and the first half of 2023 was driven by the less favourable market conditions for our volatility trading strategy and the investment portfolio adjustments of some investors in the Group's products. Based on our discussions with clients, we believe that the large majority of the adjustment in assets under management over the nine months ending 30 September 2023 was driven by idiosyncratic client-specific factors and does not reflect changes in clients' conviction in our investment approach.

As of 30 September 2023, the Group had \$168 million in assets under management in fund vehicles and \$917 million in managed accounts. This compares to \$447 million in assets under management in fund vehicles and \$1,261 million in managed accounts as of 30 September 2022.

Business Development Activities

Over the last several years, the Group has successfully adapted to the challenging conditions created by COVID-19, and the post-COVID-19 environment. This has included expanding its provision of digital content and making use of technology to engage with investors globally. This enabled us to remain active in communicating in an environment where there were restrictions on in person interactions and travel and has also provided a beneficial platform to facilitate wider and deeper interactions as travel restrictions have now been removed. During the nine months ended 30 September 2023, senior personnel within the Group continued to be active in meeting investors and prospects in person and in international travel to meet investors where commercially beneficial, and in keeping with environmental and social governance responsibilities, alongside the Group's engagement with investors and prospects via digital content.

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

During the nine months ended 30 September 2023, the team has been actively engaged with investors and prospects through webinars and on a one-on-one basis. This included holding webinars for the True Partner Fund and attending various one-on-one meetings. These provided an opportunity to discuss the Fund's performance in 2022, our 2023 outlook and 2023 year-to-date performance. Working in conjunction with IAM, with whom the Group has a partnership for the UCITS fund product for which we are sub-investment manager, we also held webinars for UCITS investors. The Group also continued to engage with investors and prospects via newsletters and articles. Additionally, the Group has worked on further enhancing its customer relationship management infrastructure and analytics. We have also been actively engaged with our capital introduction partners over the period.

During the third quarter of 2023, senior personnel have participated in panel discussions at industry events in Asia, the US and Europe. Events included the Global Volatility Summit in New York, the FOW Trading Singapore conference, the Derivatives Forum Amsterdam, and the Northern Trust Market Mingle in Amsterdam, all of which took place in September 2023. These provided opportunities to engage with clients and prospects in person, to highlight our participation in these events via digital formats, and to share our perspectives on markets.

Technology Developments

Our technology team remains focused on maintaining and incrementally further improving the key elements of our core proprietary systems, including the Typhoon Trader, our front-end trading system, Observatory, our real-time risk management system, Quant, our data warehouse and quantitative library, Solunar, our back-office system, and Nitro, which integrates our different modules into a centralised platform. During the nine months ended 30 September 2023, we have focused on further improving the stability, redundancy, and security of both our infrastructure and our proprietary technology and identifying opportunities for efficiency gains.

Market Outlook

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

Recent equity market performance has been impressive. Adding on to a strong rally in the fourth quarter of 2022, markets had a buoyant start to 2023 with the Nasdaq even posting its best January since 2001. During the nine months ended 30 September 2023 the MSCI World rose +12.9%, the S&P 500 Total Return rose +13.1%, the Nasdaq 100 Total Return rose +35.3%, the Euro Stoxx 50 Total Return rose +12.6%, the Nikkei 225 Total Return rose +24.0% and the Kospi 200 Total Return rose +12.9%. Hong Kong's markets were an exception, with the Hang Seng Total Return falling by -7.0% and the HSCEI Total Return falling by -5.3%.

Over the same period, measures of implied volatility have seen significant declines. As noted above, the VIX index fell from 21.7 to 17.5 over the nine months ending 30 September 2023. A similar measure for the Euro Stoxx 50 fell from 20.9 to 17.5, while the equivalent measures in the Japanese Nikkei fell from 19.9 to 18.4 and in the Korean Kospi 200 index from 18.4 to 15.1 respectively. These measures provide a snapshot of implied volatility at different points in time but are not directly tradable.[11]

Looking across these volatility indices, the VIX has the most liquid derivatives market, via VIX futures and options. The ProShares VIX Short-Term Futures ETF, which systematically buys and rolls short-term VIX futures, can be seen as a proxy for continuously holding a long position in short-term VIX futures. The VIX ETF was down by -59.1% over the nine months ended 30 September 2023 (after it had already declined by -33.5% in Q4 2022).[12] For reference, that is a similar fall to the one it experienced in the nine months following the drop in equity markets and rise in volatility in Q1 2020. During that period it fell -63.8% over the nine-month period from 31 March 2020 to 31 December 2020, a period which saw a +42.5% rally in the MSCI World, +47.3% rally in the S&P 500 Total Return and a +66.0% rally in the Nasdaq 100 Total Return. Longer-term VIX futures also experienced large declines during the nine months ended 30 September 2023. For example, an ETF that seeks to provide long exposure to medium-term VIX futures fell -36.1% over the nine months to 30 September 2023.[13]

From the perspective of these numbers, markets may appear robust and geared for continued gains. However, we see headwinds ahead. As we flagged in the Company's Interim Report, we see a range of factors that we believe are headwinds for equity markets in general, including specifically for US equity markets. These factors range from lingering, longer-term developments to concerns that are increasingly current and out in the open. At the same time, after considerable declines during the first nine months of the year, our analysis indicates that measures of implied volatility in most equity indices are around historical averages and could have the potential to rise significantly in the event of market dislocations.

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

[12] Market data from Bloomberg

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

As we reflect on developments over the last three months since our Interim Report, we see signs that markets may be turning. After a strong rally during the first half of 2023, equity indices have turned lower during the third quarter of 2023, giving up some of their prior gains. The MSCI World saw declines in August and September, both months in which our relative value strategy generated positive performance. These declines have been associated with a rise in bond yields, in part reflecting more persistent inflation than markets had anticipated, another area we had flagged as a potential pressure point in the Company's Interim Report.

Starting with inflation, price pressures remain persistent. In the US, the Federal Reserve's Summary of Economic Projections, published on a quarterly basis, shows that in aggregate the participants of the FOMC[14] meeting revised their expectations for core PCE inflation in 2025 higher in both their June 2023 projections and in their September 2023 projections. At the same time the median projected Federal Funds Rates for the end of 2024 and the end of 2025 were also revised higher. The projected Federal Funds Rate for the end of 2024 has progressively risen over the nine months to 30 September 2023, from 4.1% in December 2022 to 5.1% as of September 2023. The projected Federal Funds Rate for the end of 2025 has progressively risen over the same period from 3.1% in December 2022 to 3.9% as of September 2023.[15] Markets are slowly coming to grips with a world of 'higher for longer' rates, the opposite of much of the post-2008 period, when the mantra was 'lower for longer' rates and borrowing became progressively cheaper.

In the Company's Interim Report, we noted that at the end of July 2023 the Bank of Japan had surprised markets by modifying its Yield Curve Control framework to introduce "greater flexibility", effectively signalling a tolerance for higher yields. At the time, we flagged that it "could be an important step towards normalization of its monetary policy". As we write in October 2023, the Bank of Japan has just adjusted its Yield Curve Control policy again to signal that it will tolerate a further rise in 10-year Japanese government bond yields. The Bank of Japan also significantly revised upward its expectations for core inflation in FY2024 from 1.9% to 2.8%. While part of this rise was due to higher energy prices (included in Japan's core inflation measure), the central bank also revised up its expectations for inflation excluding both food and energy. With Japan (and Switzerland) clear outliers to the downside among the main developed market central banks in terms of policy rates and bond yields, further upwards pressure on Japanese interest rates could be a significant development.

[14] Federal Open Markets Committee

[15] Based on the data in the Summary of Economic Projections published on a quarterly basis by the US Federal Reserve.

It is easy to forget the mini-banking crisis in March. During this period, troubled bank Credit Suisse was hastily acquired by UBS and defaulted on its AT1 bonds, while the US saw major issues at several banks, most notably the collapse of Silicon Valley Bank, which had a market capitalisation of almost $20 billion as recently as mid-February 2023. Data suggests that the banking worries are not necessarily all in the past, with analysis by Bloomberg noting that several banks ended 2022 with significant unrealized losses on hold to maturity securities.[16] We would note that US 10-year and 30-year bond yields each ended October 2023 more than 100bps above their levels at the end of 2022, which may mean that those who did not hedge could see this situation deteriorate. This has also drawn the attention of central bank researchers. The Kansas City Fed, in an article published in its Economic Review for the second quarter of 2023, noted that:

"By the end of 2022, unrealized losses on all securities were about 30 percent of aggregate Tier 1 bank capital. Unrealized losses on AFS securities, which affect book equity for all banks and regulatory capital for large banks, accounted for about 10 percent of Tier 1 capital in aggregate. These unrealized losses far exceed losses in recent past periods of rising rates (for example, during the policy tightening cycle from 2017 to 2019), increasing the chance that banks will have to curtail lending due to higher funding costs or binding capital constraints."[17]

Net, if we have a period of sustained high bond yields, we may see more difficulties for banks.

Sadly, the geopolitical backdrop also looks more fragile than at the time of the Interim Report. The conflict in Ukraine that began following Russia's invasion in February 2022 remains ongoing, with no sign of a near-term resolution, but increasing debate in the US regarding the ongoing provision of support for Ukraine's defence. In early October 2023, Hamas attacked Israel, targeting and killing a large number of civilians and taking many hostages. In response, Israel has stated its intention to destroy Hamas to protect its citizens. Israel is engaged in military action to achieve this aim in the heavily populated area of the Gaza Strip. As of the time of writing this has resulted in large number of Palestinians having to leave their homes and significant casualties in Gaza, including of many civilians. Israel has also faced hostile actions from other groups linked to Hamas. Recent UN General Assembly debates on the issue have highlighted divisions in the international community and the risk of further escalation cannot be ignored.

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

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

As we noted in the Company's Interim Report, an increasing secondary effect from the conflict between Russia and Ukraine is the continued wedge it is fostering between countries and regions, increasingly pitting the Western developed nations against Russia and its allies. The process of de-globalization which was already taking place prior to the conflict has been amped up in speed and magnitude. Sanctions are one obvious element of this, but there are also more subtle signs of policy shifts that will have long-term effects. As we have discussed in previous quarterly reports, we believe that this is likely to create long-term inflationary headwinds. This risk is also a discussion topic in policy circles, as evidenced by ECB President Christine Lagarde's April speech, where she noted that ECB analysis suggests that geopolitically driven fragmentation of global value chains could lead to up to a 5% rise in consumer prices in the short-run and roughly 1% in the long-run.[18]

Equity valuations are another potential concern. Looking at the broader S&P Composite index, the Shiller cyclically adjusted total return P/E ratio, a widely respected measure of valuation, was at 33x in September 2023 (latest available), vs a 50-year average of 24x and a longer-run average of 21x (since 1881).[19] That puts valuations in the top decile of most expensive periods over the full data set, and in the top quintile of most expensive periods over the last 50 years, or a bit more expensive than stocks were coming into 2008. In this context, it is worth noting that earnings estimates for 2023 have not supported the rise in equities over the Reporting Period, with bottom-up estimates having actually declined since the start of the rally at the end of 3Q 2022.[20]

Amid this backdrop, we believe that it is prudent for investors to consider the risks of a sharp deterioration in equity markets. Realized volatility has so far been relatively muted in most markets, with for example S&P 500 realized volatility less than 15% over the last 20 and 60 days through 31 October 2023. However, that could change very quickly, as we have seen at points in the past such as in 2020 and in 2008.

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

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

20 Based on data from True Partner, Bloomberg, FactSet Earnings Insight.

Despite the causes for macro concerns, implied volatilities in most major indices in the US, Europe and Asia are trading at around long-term averages as of the end of October 2023, with low realized volatility one contributing factor.[21] The disconnect between implied volatility in equity indices and that observed in some other asset classes is stark. In mid-March, the MOVE index which tracks the implied volatility in US Treasuries jumped to levels above those seen in Q1 2020 and even after retreating from these highs still trades at elevated levels relative to its historical average and relative to its historical relationship with equity volatility as represented by the VIX. We believe that current equity index volatility levels also offer an ideal opportunity for investors who may not be fully sold on the bullish market stories to hedge their downside exposure, while retaining market upside.

We believe that the current market backdrop is likely to lead more investors to consider diversifying options such as relative value volatility and directional hedges in volatility, such as those we offer through our customized solutions. We believe that market pricing for such strategies is attractive relative to alternatives in other asset classes. To give one example, we believe that 2022 and 2023 have demonstrated that fixed income, previously perceived as a strong diversifier, can also have material losses at the same time as equities. For example, the total return on a 30-year US Treasury Bond since the end of 2021 is -26% through 30 September 2023, which has erased the gains investors made since mid-2015. It has also significantly underperformed the S&P 500 and provided little in the way of diversification benefits. We believe that this is likely to make investors reconsider a wider range of options, including volatility strategies. As we have flagged in prior reports, we believe that a longer-run historical perspective, and signs in 2020 and 2021, also suggested and continue to suggest caution regarding expectations for fixed income's diversification properties: i.e. while 2022 was not typical for fixed income, it was also not as much a surprise as some may assume.

One main detriment for equity volatility hedges in 2022 was the limited reactiveness of implied volatility to market declines (and at times, implied volatilities even declined amid market declines as happened in December 2022). We have some seen some signs of normalization year-to-date in 2023. For example, the reactivity of the VIX Index to the S&P 500 had been unusually low in 2022 relative to its long-run average. Year-to-date we have seen the reactivity of the VIX come closer to its historical average, albeit this has not been tested in a period of large declines, as the worst day for the S&P 500 year-to-date through 31 October 2023 has been a -2.0% decline.[22] We expect to see a return to the kind of historical behaviour where directional volatility hedges have been beneficial. We also expect the return of this behaviour to help drive opportunities for our relative value volatility strategy. Overall, we believe that the volatility environment is likely to provide interesting opportunities ahead for investors, with equity index volatility having the potential for significant moves and dislocations. This leaves us optimistic on the outlook.

[21] Sources: True Partner, Bloomberg. Long-term data uses data since 2006.

[22] Sources: True Partner, Bloomberg

Of course, timing markets is difficult, and unusual valuations and behaviour can sometimes persist for longer than one expects. Our investment approach is principally absolute return, and we aim to profit in a range of market environments. Nevertheless, we believe that the current environment represents an opportunity for investors to consider their portfolio construction approach and long-term asset allocation. Alternative diversifiers including hedge funds and strategies such as volatility trading could be beneficiaries of this. Our relative value volatility strategy has historically generated positive long-term absolute returns with a negative correlation to equity markets. Additional strategies we have developed for customized solutions are also expected to have opportunities in environments of rising volatility and strongly negative equity returns, which could make them attractive diversifiers for existing and potential clients. Should we see a shift away from bonds and towards alternative diversifiers such as hedge funds and customized mandates, our products could be well placed to benefit from increased investor demand for this kind of exposure.

FINANCIAL REVIEW

Revenue

During the Reporting Period, revenue of the Group amounted to HK$11.4 million, representing a decrease of HK$24.1 million, or approximately 68% as compared with HK$35.5 million for the corresponding period in 2022. The decrease in revenue was primarily due to shifts in product mix over the period, which led to a decrease in the average revenue per unit of assets under management for the Reporting Period.

Gross profit and gross profit margin

Gross profit of the Group for the Reporting Period was HK$10.1 million, representing a decrease of HK$22.6 million or 69% from HK$32.7 million for the corresponding period in 2022. The decrease was primarily driven by a decrease in the average revenue per unit of assets under management for the Reporting Period.

General and administrative expenses

General and administrative expense of the Group for the Reporting Period amounted to HK$56.1 million, representing an increase of HK$2.5 million or approximately 5% from HK$53.6 million over the corresponding period in 2022. The increase in expenses was primarily due to an increase in staff cost as the overall number of personnel was higher in the nine months ended 30 September 2023 as compared to the corresponding period in 2022. Other drivers of increased expense included data expenses and administrative expenses as the Group has been working on the expansion of its operations in Europe and Asia in line with the use of proceeds outlined in the Prospectus.

Share of results of associates

Share of results of associates represents operating losses arising from principal business activities of two associates - Capital True Partner Technology Co., Ltd. and Holland & Muh Investment Management Co., Ltd. ("**Holland & Muh**"). For the Reporting Period, share of loss of associates of the Group amounted to approximately HK$166,000, lower than $233,000 as reported in the same period in 2022.

Dividends

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

Material disposal of an associated company

Disposal of 49% equity interest in Capital True Partner Technology Co., Ltd. ("**CTPT**")

On 25 August 2023, a wholly owned subsidiary of the Company – True Partner China Holding Limited ("**TPChina**") entered into a disposal agreement, pursuant to which TPChina agreed to sell, and Capital International Technology Corp. ("**CIT**") agreed to purchase the disposal shares which represents 49% of equity interest in CTPT at the consideration of HK$615,947. The disposal shall take place on the date as agreed by TPChina and CIT after the parties have obtained all necessary permission, consent and/or approval required from Financial Supervisory Commission and the Ministry of Economic Affairs Investment Commission in Taiwan. For more information on the disposal, please refer to the Company's announcements dated on 25 August 2023.

The Board is of the opinion that in recent years, the Group's asset management activities have experienced significant growth and the Group has established its own IT department, as such the Board is of the view that ownership of a minority stake in a PRC IT consulting firm is no longer conductive to its long-term goal of further expansion of the Group's asset management activities. Furthermore, the disposal enables the Group to realise cash and thus unlock the value of this minority stake. The Board is of the opinion that the application of the proceeds from the disposal to the Group's working capital will be beneficial to the overall development of the Group.

CIT, the counterparty to the disposal mentioned above, is interested in 51% of the equity interest in CTPT. To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, except for the fact that CTPT is 51% owned by CIT and 49% owned by TPChina, CIT is an Independent Third Party. The Directors considered that the terms of the disposal of 49% equity interest in CTPT is fair and reasonable, and that it is on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

The Company has complied with the disclosure requirements under Chapter 19 of the GEM Listing Rules.

Except for the above, the Group had no other material acquisition or disposal of subsidiaries and associated companies for the nine months ended 30 September 2023.

MORE INFORMATION

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

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

Long Positions in the Shares

Name of Director/ Chief Executives	Capacity/ Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Tobias Benjamin Hekster	Beneficial owner	58,889,018	14.72%
Godefriedus Jelte Heijboer	Beneficial owner	56,055,644	14.01%
Ralph Paul Johan van Put (1)	Interest in a controlled corporation	58,337,399	14.58%
Roy van Bakel	Beneficial owner	27,686,280	6.92%

Note:

(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.

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

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

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

Long Positions in the Shares

Name of Shareholders	Capacity/ Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Franca Kurpershoek-Hekster (1)	Interest of spouse	58,889,018	14.72%
Wong Rosa Maria (2)	Interest of spouse	56,055,644	14.01%
True Partner Participation Limited	Beneficial owner	58,337,399	14.58%
Kung Yun Ching (3)	Interest of spouse	58,337,399	14.58%
True Partner International Limited (4)	Beneficial owner	62,336,908	15.58%
DSS Financial Management, Inc. (4)	Interest in a controlled corporation	62,336,908	15.58%
DSS Securities, Inc. (4)	Interest in a controlled corporation	62,336,908	15.58%
DSS, Inc. (4)	Interest in a controlled corporation	62,336,908	15.58%
Chan Heng Fai Ambrose (4) (5)	Interest in a controlled corporation and Beneficial owner	76,432,908	19.10%

Name of Shareholders	Capacity/ Nature of Interest	Number of Ordinary Shares held	Approximate percentage of interest
Chan Kong Yoke Keow [5]	Interest of spouse	76,432,908	19.10%
Edo Bordoni	Beneficial owner	29,839,153	7.46%
Anne Joy Bordoni [6]	Interest of spouse	29,839,153	7.46%
Maria Victoria Diaz Basilio [7]	Interest of spouse	27,686,280	6.92%
Nardinc Beheer B.V.	Beneficial owner	36,196,000	9.04%
SomethingEls B.V. [8]	Interest in a controlled corporation	36,196,000	9.04%
ERMA B.V. [8]	Interest in a controlled corporation	36,196,000	9.04%
Dasym Managed Accounts B.V. [8]	Investment manager	36,196,000	9.04%
F. J. Botman Holding B.V. [8]	Interest in a controlled corporation	36,196,000	9.04%
Franciscus Johannes Botman [8]	Interest in a controlled corporation	36,196,000	9.04%

Notes:

(1) Mrs. Franca Kurpershoek-Hekster is the spouse of Mr. Tobias Benjamin Hekster, an executive Director, and Mr. Tobias Benjamin Hekster holds 14.72% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Franca Kurpershoek-Hekster is deemed to be interested in the same number of Shares in which Mr. Tobias Benjamin Hekster is deemed to be interested in under the SFO.

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

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

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

(5) Alset International Limited is 85.35% held by Alset Business Development Pte Ltd. Alset Business Development Pte Ltd. is wholly owned by Alset Global Pte Ltd, which is wholly owned by Alset, Inc. Alset, Inc. is 51.09% owned by Mr. Chan Heng Fai Ambrose. Alset International Limited holds 1.49% in True Partner Capital Holding Limited. By virtue of the SFO, Mr. Chan Heng Fai Ambrose is deemed to be interested in the Shares held by Alset International Limited under the SFO. In addition, Mr. Chan Heng Fai Ambrose beneficially holds 2.03% in True Partner Capital Holding Limited and has deemed interest in 17.07% in True Partner Capital Holding Limited per note (4) above. Mrs. Chan Kong Yoke Keow is the spouse of Mr. Chan Heng Fai Ambrose and is deemed to be interested in the same number of Shares in which Mr. Chan Heng Fai Ambrose is deemed to be interested in under the SFO.

(6) Mrs. Anne Joy Bordoni is the spouse of Mr. Edo Bordoni and Mr. Edo Bordoni holds 7.46% in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Anne Joy Bordoni is deemed to be interested in the same number of Shares in which Mr. Edo Bordoni is deemed to be interested in under the SFO.

(7) Mrs. Maria Victoria Diaz Basilio is the spouse of Mr. Roy van Bakel, an executive Director in True Partner Capital Holding Limited. By virtue of the SFO, Mrs. Maria Victoria Diaz Basilio is deemed to be interested in the same number of Shares in which Mr. Roy van Bakel is deemed to be interested in under the SFO.

(8) Each of SomethingEls B.V. and ERMA B.V. holds 50% interest in Nardinc Beheer B.V. By virtue of the SFO, SomethingEls B.V. and ERMA B.V. are deemed to be interested in the Shares held by Nardinc Beheer B.V. under the SFO. Dasym Managed Accounts B.V., as investment manager, is 90.1% owned by F.J. Botman Holding B.V. which in turn is wholly owned by Mr. Franciscus Johannes Botman. By virtue of the SFO, Dasym Managed Accounts B.V., F.J. Botman Holding B.V. and Mr. Franciscus Johannes Botman are deemed to be interested in the Shares held by Nardinc Beheer B.V. under the SFO.

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any other persons/entities (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

Pre-IPO Share Option Scheme

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

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

Share Option Scheme

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

INTERESTS IN COMPETING BUSINESS

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

CODE OF CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

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

AUDIT COMMITTEE

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

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

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

Hong Kong, 14 November 2023

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

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

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