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DT CAPITAL



DT CAPITAL LIMITED

鼎立資本有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 356)

**ANNOUNCEMENT OF AUDITED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board (the “Board”) of directors (the “Directors”) of DT Capital Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 HK\$	2020 HK\$
Gross proceeds from the disposal of listed and unlisted investments	5	16,991,605	24,190,211
Revenue	5	2,203,955	1,205,224
Other income, gains and losses	6	1,799,426	444,109
Fair value loss on financial assets at fair value through profit or loss		(575,559)	(25,993,068)
Administrative expenses		(8,116,342)	(16,503,276)
Finance cost		(37,110)	(201,237)
Loss before taxation	7	(4,725,630)	(41,048,248)
Income tax (expense)/credit	8(a)	(55,865)	135,099
Loss for the year and total comprehensive income attributable to equity holders of the Company		(4,781,495)	(40,913,149)
Loss per share			
Basic and diluted	9	(0.0021)	(0.0179)
Dividend		Nil	Nil

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK\$	2020 HK\$
Non-current assets			
Property, plant and equipment		–	–
Right-of-use assets		–	–
		<u>–</u>	<u>–</u>
		–	–
Current assets			
Other receivables, deposits and prepayments	10	1,526,315	2,638,818
Financial assets at fair value through profit or loss	11	100,170,107	82,394,919
Amount due from an investee	12	–	2,120,135
Cash and bank balances		26,643,975	33,904,598
		<u>128,340,397</u>	<u>121,058,470</u>
Current liabilities			
Other payables and accruals	13	744,158	2,391,014
Lease liabilities		–	2,062,050
		<u>744,158</u>	<u>4,453,064</u>
Net current assets		<u>127,596,239</u>	<u>116,605,406</u>
Total assets less current liabilities		<u>127,596,239</u>	<u>116,605,406</u>
Non-current liabilities			
Deferred taxation	8(b)	982,139	926,274
Net assets		<u>126,614,100</u>	<u>115,679,132</u>
Capital and reserves			
Share capital		27,352,800	22,794,000
Reserves		99,261,300	92,885,132
Total equity		<u>126,614,100</u>	<u>115,679,132</u>

NOTES

For the year ended 31 December 2021

1. GENERAL

DT Capital Limited (“the Company”) is a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is Unit D 6th Floor, Eton Building, 288 Des Voeux Road Central, Hong Kong.

The Company and its subsidiaries (“the Group”) engage in investment holding and trading of securities.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. CHANGE IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued certain revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group as discussed below. Details of the changes in accounting policies resulting from the initial application of these amendments and interpretations that are relevant to the Group are discussed as below.

- Amendments to HKFRS 16, COVID-19-Related Rent Concessions
- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

None of these amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

3. NEW/REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and
HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of
a Term Loan that Contains a Repayment on Demand Clause⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies⁴
Amendments to HKAS 8, Definition of Accounting Estimates⁴
Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction⁴
Amendments to HKAS 16, Proceeds before Intended Use²
Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract²
Amendments to HKFRS 3, Reference to the Conceptual Framework³
Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and
its Associate or Joint Venture⁵
Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021¹
HKFRS 17, Insurance Contracts⁴
Annual Improvements to HKFRSs 2018-2020²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 January 2023.

⁵ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

These new standards, amendments to standards and interpretations issued but not effective are not likely to have a significant impact on the consolidated financial statements.

4. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets are measured at fair value as explained in the accounting policies set out below.

5. REVENUE

	2021	2020
	HK\$	HK\$
Dividend income from listed equity securities	<u>2,203,955</u>	<u>1,205,224</u>

No dividend income from unlisted equity securities was received for the years ended 31 December 2021 and 2020.

During the year ended 31 December 2021, the Group received gross proceeds of HK\$16,991,605 (2020: HK\$24,190,211) from selling the listed and unlisted investments to the market.

No analysis of the Group's revenue and contribution to operating profit for the current and prior years set out by principal activities and geographical markets is provided. It is because the Group has only one business segment, which is investments holding and trading of securities, and all the consolidated revenue and the consolidated results of the Group are attributable to the performance of the markets in Hong Kong.

No information about major customers has been disclosed as a substantial portion of the Group's revenue is derived from the Group's investments in equity securities and the disclosure of information regarding customers would not be meaningful as the Group does not derive any revenue from external customers.

As the operation of the Group is entirely in Hong Kong, substantially all of the Group's non-current assets other than financial assets were located in Hong Kong and geographical analysis of non-current assets is not presented.

6. OTHER INCOME, GAINS AND LOSSES

	2021	2020
	HK\$	HK\$
Interest income	83,385	73,539
Gain on disposal of a subsidiary	–	16
Government grant	–	369,000
Exchange gain	176	1,554
Reversal of provision for reinstatement cost	<u>1,715,865</u>	<u>–</u>
	<u>1,799,426</u>	<u>444,109</u>

7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Auditor's remuneration	390,000	350,000
Depreciation of property, plant and equipment	–	55,191
Depreciation of right-of-use assets	–	4,176,880
Impairment loss on property, plant and equipment	–	180,761
Impairment loss on right-of-use assets	–	2,412,144
Written off of property, plant and equipment	–	28,145
Impairment loss on amount due from an investee	–	109,865
Staff cost (including directors):		
– Directors' fee and salaries	2,972,536	3,518,174
– Contribution on defined contribution mandatory provident fund scheme	87,000	112,650
Gain on disposal of a subsidiary	–	(16)
Consulting fee	1,710,000	2,418,000
Expenses related to short term lease	117,000	–
	<u>117,000</u>	<u>–</u>

8. INCOME TAX EXPENSE/(CREDIT)

- a) The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Deferred tax expense/(credit)	<u>55,865</u>	<u>(135,099)</u>

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and its subsidiaries have sustained estimated tax losses for the years ended 31 December 2021 and 31 December 2020.

b) Deferred tax liabilities recognised are analysed as follows:

	Tax losses <i>HK\$</i>	Unrealised gains/ (losses) on financial assets at FVPL <i>HK\$</i>	Total <i>HK\$</i>
At 1 January 2020	(482,382)	1,543,755	1,061,373
Charge/(credit) for the year	<u>482,382</u>	<u>(617,481)</u>	<u>(135,099)</u>
At 31 December 2020 and 1 January 2021	–	926,274	926,274
Charge for the year	<u>–</u>	<u>55,865</u>	<u>55,865</u>
At 31 December 2021	<u>–</u>	<u>982,139</u>	<u>982,139</u>

9. LOSS PER SHARE

The basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$4,781,495 (2020: HK\$40,913,149) and the weighted average number of 2,280,648,986 (2020: 2,279,400,000) ordinary shares in issue during the year.

Dilutive loss per share is the same as the basic loss per share as the Company has no dilutive potential ordinary shares in issue for both 2021 and 2020.

The directors do not recommend payment of the final dividend for the year ended 31 December 2021 (2020: Nil).

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Other receivables (Note)	1,001,513	1,147,923
Deposits	66,941	1,036,593
Prepayments	457,861	454,302
	<u>1,526,315</u>	<u>2,638,818</u>

Note: As at 31 December 2021, the balances placed in broker securities accounts of HK\$1,001,513 (2020: HK\$1,147,923) were included in other receivables.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Equity securities listed in Hong Kong at fair value excluding Suspended Equity Securities	97,556,902	76,766,565
Suspended Equity Securities	–	2,303,703
	<u>97,556,902</u>	<u>79,070,268</u>
Unlisted equity securities at fair value	2,613,205	1,821,453
Unlisted equity securities with a put option at fair value	–	1,503,198
Unlisted debt securities at fair value	–	–
	<u>100,170,107</u>	<u>82,394,919</u>

12. AMOUNT DUE FROM AN INVESTEE

On 9 February 2021, the Group sold its entire equity interest in the investee, together with the advance to the investee of HK\$2,120,135 to a purchaser. The advance was unsecured, interest free and repayable within one year as at 31 December 2020.

13. OTHER PAYABLES AND ACCRUALS

As at 31 December 2021, the other payables and accruals in the current liabilities include the provision for reinstatement of leased office premise of HK\$5,000 (2020: HK\$1,715,865), on which the tenancy will expire within one year.

14. NET ASSET VALUE PER SHARE

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Net asset value per share	<u>0.05</u>	<u>0.05</u>

The calculation of net asset value per share is based on the net assets of HK\$126,614,100 (2020: HK\$115,679,132) and 2,735,280,000 (2020: 2,279,400,000) ordinary shares in issue as at 31 December 2021.

15. EVENTS AFTER THE REPORTING PERIOD

In January 2022, the Group invested in a private Fund (the “Fund”) incorporated in the Cayman Islands, by subscribing 20,000 participating, non-redeemable, non-voting class A shares with a subscription amount of HK\$20,000,000. The Fund has a term of 2 years from the initial closing date, 31 January 2022, subject to an extension of up to one additional two-year period at the discretion of the Fund’s directors. P.B. Global Asset Management Limited, the investment manager of P.B. Capital Advanced Fund SPC – P.B. Capital Advanced Fund 2 Segregated Portfolio, a substantial shareholder of the Group, is also the investment manager of the Fund.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2021, the Group recorded loss attributable to equity holders of approximately HK\$4.8 million (2020: HK\$40.9 million). The loss per share was HK\$0.0021 (2020: HK\$0.0179). Decrease in loss in 2021 was mainly caused by a decrease in the unrealised loss on listed and unlisted securities approximately HK\$32.72 million compared with 2020. In addition, there were no bank interest expenses in 2020 and 2021.

The stock market was fluctuating in 2021 that led to the Group's unrealized fair value loss on listed securities of approximately HK\$5.92 million (2020: HK\$17.22 million) and realized gain on listed securities of approximately HK\$1.77 million (2020: HK\$1.69 million).

The Company has fully disposed of one project in 2021.

The performance of investments were affected by the major factors as follows:

Economic, Social and Political – Economic, Social and Political affected the stock market and caused its fluctuation, such as COVID-19 pandemic around the globe.

Liquidity – Liquidity affected the Group short term strategy to balance in investing listed and unlisted securities and maintaining the cash position.

The Group strategy was to maintain strong cash balance to prepare for stock market fluctuation. The Group had no new investment project in 2021 but invested some listed securities with approximately HK\$14 million in 2021. The Group short term strategy is changed from time to time to reflect the market and economic situation and long term strategy is balanced in investing listed and unlisted securities to increase shareholder's returns.

The proceeds of approximately HK\$35 million from the Placing on 28 December 2017 has changed its usage as disclosed in the announcement of the Company on 13 December 2019. The Board resolved to reallocate the sum of approximately HK\$17.5 million for general working capital and this HK\$17.5 million was used in 2020 and 2021. The remaining sum of approximately HK\$17.5 million shall be used for investment in potential projects in China or relating to technology business as originally planned, and/or for such other business opportunities as may be identified by the Company as suitable, among which approximately HK\$14 million has been invested in some listed shares in 2021. The approximately HK\$3.5 million were not utilised as at 31 December 2021 and has been kept in the Company's bank accounts, and is expected to be used as announcement by the company on 13 December 2019.

The proceeds of approximately HK\$15.72 million from the Placing on 31 December 2021 is for investment in potential projects relating to biological technology business or other potential projects identified by the Group. The Group has been invested HK\$20 million, together with HK\$3.5 million Placing on 28 December 2017, in one unit fund for biological technology business in January 2022.

PROSPECTS

The global outlook is clouded by various downside risks, including renewed COVID-19 outbreaks due to Omicron or new virus variants, the possibility of de-anchored inflation expectations, and financial stress in a context of record-high debt levels.

In the United States, activity faced several unanticipated headwinds, including COVID-19 outbreaks, mounting supply shortages, and rising energy prices, as well as a fading boost to incomes from pandemic-related fiscal support. Meanwhile, inflation surprised markedly to the upside and broadened across components, and a tightening labor market applied upward pressure to wages.

In China, fiscal and monetary policies were eased in the second half of last year to stabilize activity, which cooled rapidly. The government has accelerated local government bond issuance and stepped up efforts to support homeowners and creditworthy developers. The authorities have also encouraged greater domestic coal production and increased coal imports to ease power shortages. The People's Bank of China has reduced reserve requirements, lowered its one-year loan prime rate, and implemented significant short-term liquidity injections. These policies have stabilized activity and eased financial stress triggered by liquidity crunch among some highly indebted real estate companies with constrained balance sheets and regulatory limits on further borrowing.

Ukraine's war become a very important unpredictable factor in 2022 investment market.

Key factors that will define the direction Hong Kong equities are heading in 2022 include: Ukraine's war, China's emphasis on stable economic growth, the implementation of regulation, domestic consumption, interest rates both domestically and on Wall Street, as well as Hong Kong's border reopening with the Chinese mainland.

With so many unpredictable factors, we believe the key to success is in managing risk successfully through diversification and due diligence. In 2022, we will continue our creative yet careful approach to new investments and portfolio management – we will explore new potential areas of investment while exercising due caution where necessary.

Apart from trading securities, the Management will continue to increase shareholder's returns, by exploring various sectors and regions with the aim of finding additional favorable investments that are undervalued and have sustainable income streams.

FINANCIAL REVIEW

Financial Resources and Liquidity

As at 31 December 2021, the total equity of the Group amounted to approximately HK\$126.61 million (31 December 2020: HK\$115.68 million).

As at 31 December 2021, the Group maintained a cash position, bank balances and cash amounting to approximately HK\$26.6 million (31 December 2020: HK\$33.9 million).

The Group's net financial asset investments of approximately HK\$100.17 million as at 31 December 2021 (31 December 2020: HK\$82.39 million).

Gearing Ratio

The Group's total borrowings comprising the other payables and accruals, excluding the provision for reinstatement of leased office premise, and lease liabilities, amounted to approximately HK\$0.7 million as at 31 December 2021 (31 December 2020: HK\$2.74 million).

The Group's gearing ratio calculated on the basis of total borrowings over the shareholders' equity of the Company was approximately 0.58% as at 31 December 2021 (31 December 2020: 2.37%).

Final Dividend

The Board has resolved not to recommend any payment of final dividend for the year ended 31 December 2021 (2020: Nil).

Capital Structure

During the year ended 31 December 2021, the Company has conducted a fund raising activity by the placing of 455,880,000 shares ("Placing Shares") at a price of HK\$0.035 per Placing Share (the "Placing"). The Placing was completed on 31 December 2021. The Company has successfully placed an aggregate of 455,880,000 Placing Shares, representing (i) 20% of the issued share capital of the Company immediately prior to completion of the Placing; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the 455,880,000 Placing Shares. Company's issued share capital was increased from 2,279,400,000 to 2,735,280,000 immediately after the completion of the Placing.

Capital Commitment and Contingent Liabilities

As at 31 December 2021, there had no material capital commitment and no contingent liabilities.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's assets and liabilities are majority denominated in Hong Kong Dollars. The Group at present does not have any contracts to hedge against its foreign exchange risks.

Share Options

The Company has not adopted any share option scheme.

Employees and Remuneration Policies

As at 31 December 2021, the Group employed a total of 6 employees (2020: 6) including the executive directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

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

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries for the year ended 31 December 2021.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Board has applied the principles and complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") prior to its amendment with effects from 1 January 2022 for the year ended 31 December 2021, save and except for the deviations of the following:

CG Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. One executive Director, one non-executive Director and one independent non-executive Director were unable to attend the annual general meeting of the Company held on 28 May 2021 due to their other business engagements.

Apart from the above-mentioned deviations, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting those in the code provision. The practice of the corporate governance of the Company will be reviewed and updated from time to time in order to comply with the requirement of the Listing Rules.

The Board also note the amendment to the CG Code since 1 January 2022 and will comply with the revised requirements of the CG Code in the forthcoming years.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") according to "A Guide for the Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants and the terms of reference adopted in compliance with the CG Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee had also reviewed the annual results of the Group for the year ended 31 December 2021 in conjunction with the Company's external auditors.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2021 have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

PUBLICATION OF THE FINAL RESULT AND ANNUAL REPORT

The results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.dt-capitalhk.com>) under sections of "Annual/Interim Report" and "Announcements". The 2021 annual report will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution in 2021 and would like to give my sincere gratitude to the shareholders for their continual support.

By order of the Board
DT Capital Limited
Chan Pui Kwan
Chairman

Hong Kong, 25 March 2022

As at the date of this announcement, the Board comprises Mr. Leong Chi Wai, Mr. Lewis Chan and Mr. Su Chunxiang as Executive Directors; Ms. Chan Pui Kwan and Ms. Li Peng as Non-executive Directors; Mr. Chen Yeung Tak, Mr. Ruan Zhi and Mr. Jochum Siebren Haakma as Independent Non-executive Directors.