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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 2023

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 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 HK\$	2022 HK\$
Gross proceeds from the disposal of listed investments	4	22,121,452	23,645,070
Revenue	4	2,191,881	1,833,791
Other income, gains and losses	5	226	155,670
Fair value loss on financial assets at fair value through profit or loss		(21,363,020)	(18,635,282)
Administrative and other operating expenses		(9,210,637)	(7,867,671)
Loss before taxation	6	(28,381,550)	(24,513,492)
Income tax credit	7(a)	56,171	415,792
Loss for the year and total comprehensive expenses attributable to equity holders of the Company		(28,325,379)	(24,097,700)
Loss per share			
Basic and diluted	8	(0.0104)	(0.0088)
Dividend		Nil	Nil

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$	2022 HK\$
Current assets			
Other receivables, deposits and prepayments	9	4,337,202	21,737,190
Financial assets at fair value through profit or loss	10	70,455,321	79,934,666
Cash and bank balances		265,674	1,849,111
		<u>75,058,197</u>	<u>103,520,967</u>
Current liabilities			
Other payables and accruals	11	357,000	438,220
Net current assets		<u>74,701,197</u>	<u>103,082,747</u>
Total assets less current liabilities		74,701,197	103,082,747
Non-current liabilities			
Deferred taxation	7(b)	510,176	566,347
Net assets		<u>74,191,021</u>	<u>102,516,400</u>
Capital and reserves			
Share capital		27,352,800	27,352,800
Reserves		46,838,221	75,163,600
Total equity		<u>74,191,021</u>	<u>102,516,400</u>

NOTES

For the year ended 31 December 2023

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. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
HK Interpretation 5 (Revised) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or 1 January 2024.

³ Effective for annual periods beginning on or 1 January 2025.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. REVENUE

	2023	2022
	HK\$	HK\$
Dividend income from listed equity securities	<u>2,191,881</u>	<u>1,833,791</u>

No dividend income from unlisted equity securities was received for the years ended 31 December 2023 and 2022.

During the year ended 31 December 2023, the Group received gross proceeds of HK\$22,121,452 (2022: HK\$23,645,070) from selling the listed 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.

5. OTHER INCOME, GAINS AND LOSSES

	2023	2022
	HK\$	HK\$
Interest income	226	19,670
Government grants	–	136,000
	<u>226</u>	<u>155,670</u>

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2023	2022
	HK\$	HK\$
Auditor's remuneration	350,000	350,000
Staff cost (including directors):		
– Directors' fee and salaries	2,343,277	2,905,724
– Contribution on defined contribution mandatory provident fund scheme	69,000	80,978
Consulting fee	2,531,668	1,160,000
Expenses related to short term lease	<u>252,136</u>	<u>240,826</u>

7. INCOME TAX CREDIT

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

	2023	2022
	HK\$	HK\$
Deferred tax credit	<u>(56,171)</u>	<u>(415,792)</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 2023 and 2022.

- b) Deferred tax liabilities recognised are analysed as follows:

	Unrealised gains/ (losses) on financial assets at fair value through profit or loss
	HK\$
At 31 December 2021 and 1 January 2022	982,139
Credit for the year	<u>(415,792)</u>
At 31 December 2022 and 1 January 2023	566,347
Credit for the year	<u>(56,171)</u>
At 31 December 2023	<u><u>510,176</u></u>

8. LOSS PER SHARE

The basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$28,325,379 (2022: HK\$24,097,700) and the weighted average number of 2,735,280,000 (2022: 2,735,280,000) 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 2023 and 2022.

The directors do not recommend payment of the final dividend for the year ended 31 December 2023 (2022: Nil).

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	HK\$	HK\$
Other receivables (<i>Note 1 and 2</i>)	1,725,805	20,843,443
Deposits	70,061	245,061
Prepayments	2,541,336	648,686
	<u>4,337,202</u>	<u>21,737,190</u>

Notes:

1. As at 31 December 2023, the balances placed in broker securities accounts of HK\$1,725,805 (2022: HK\$843,443) were included in other receivables.
2. As at 31 December 2022, the other receivables included an amount due from a related party of HK\$20,000,000. On 7 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. On 29 June 2022, the Group has withdrawn from the investment, therefore the full amount of HK\$20,000,000 was recorded as an amount due from a related party. The amount was unsecured, interest free and repayable on demand as at 31 December 2022. During the year ended 31 December 2023, the balance has been fully refunded to the Group.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK\$	HK\$
Equity securities listed in Hong Kong at fair value	64,480,585	75,766,706
Unlisted equity securities at fair value	784,736	4,167,960
Unlisted investment funds	5,190,000	–
	<u>70,455,321</u>	<u>79,934,666</u>

11. OTHER PAYABLES AND ACCRUALS

As at 31 December 2023 and 2022, the other payables and accruals in the current liabilities include the provision for reinstatement of leased office premise of HK\$5,000, on which the tenancy will expire within one year.

12. NET ASSET VALUE PER SHARE

	2023	2022
	HK\$	HK\$
Net asset value per share	<u>0.03</u>	<u>0.04</u>

The calculation of net asset value per share is based on the net assets of HK\$74,191,021 (2022: HK\$102,516,400) and 2,735,280,000 (2022: 2,735,280,000) ordinary shares in issue as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2023, DT Capital Limited (the “Company”) and its subsidiaries (collectively, the “Group”) recorded loss attributable to equity holders of the Company of approximately HK\$28.3 million (2022: HK\$24.1 million). The loss per share was HK\$0.0104 (2022: HK\$0.0088). Increase in loss in 2023 was mainly caused by an increase in the realised and unrealised losses on listed and unlisted securities of approximately HK\$2.7 million compared with 2022. In addition, there were no bank interest expenses in 2022 and 2023.

The stock market was fluctuating in 2023 that led to the Group’s unrealised fair value losses on listed securities of approximately HK\$16.74 million (2022: HK\$9.71 million) and realised losses on listed securities of approximately HK\$1.24 million (2022: HK\$10.48 million).

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

Economic, Social and Political – stock market volatility is influenced by economic, social and political factors, such as inflation, interest rate and Ukraine’s war.

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

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.

PROSPECTS

In the United States, inflation is declining, but it’s not completely back to target levels. Although Fed officials are beginning to discuss rate reductions, if inflation remains above target, they might tighten monetary policy further. Long-term interest rates have only recently risen above their pre-pandemic levels – this delayed reaction means that part of the impact of the Fed’s previous tightening efforts remains to be seen.

In China, in the property sector, some stock prices of major developers are trading at distressed levels. The immediate priority is clearly the property sector, given its sheer size. Measures to ease restrictions in Beijing and Shanghai – such as the reduction of initial down payments, extension of mortgage duration, and cuts in mortgage rates in December – are steps in the right direction. Similar measures have been taken in most cities, but the actions in Beijing and Shanghai carry more weight in terms of policy direction. We believe China is in a post-property era and needs new growth drivers.

Ukraine’s war and its impact on the global economy become a very important unpredictable factor in 2024 investment market.

In Hong Kong, over 60 per cent enterprises surveyed by the Hong Kong General Chamber of Commerce said they expect no income growth in 2024. Among those enterprises, 20 per cent said expected a decrease in income compared to 2023, according to the survey. The enterprises feel more negatively about the economic outlook in 2024.

Under the above global environment, 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 in 2024. We believe the key to success is in managing risk successfully through diversification and due diligence.

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 2023, the total equity of the Group amounted to approximately HK\$74.19 million (31 December 2022: HK\$102.52 million).

As at 31 December 2023, the Group maintained a cash position, cash and bank balances amounting to approximately HK\$0.27 million (31 December 2022: HK\$1.85 million).

The Group's financial assets at fair value through profit or loss of approximately HK\$70.46 million as at 31 December 2023 (31 December 2022: HK\$79.93 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\$0.35 million as at 31 December 2023 (31 December 2022: HK\$0.43 million).

The Group's gearing ratio calculated on the basis of total borrowings over the shareholders' equity of the Company was approximately 0.47% as at 31 December 2023 (31 December 2022: 0.42%).

Final Dividend

The Board has resolved not to recommend any payment of final dividend for the year ended 31 December 2023 (2022: Nil).

Capital Structure

There was no change to the Group's capital structure for the year ended 31 December 2023.

Capital Commitment and Contingent Liabilities

As at 31 December 2023, 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.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the reporting period.

Employees and Remuneration Policies

As at 31 December 2023, the Group employed a total of 5 employees (2022: 5) including the executive directors of the Company. The total staff costs (including fees, salaries and other allowance for both Directors and other staff) for the year ended 31 December 2023 were approximately HK\$2.41 million (2022: approximately HK\$2.99 million). 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 SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries for the year ended 31 December 2023.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Board has established procedures on corporate governance and complied with the code provisions set out in the section headed "Part 1 – Mandatory disclosure requirements" and the applicable code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code (the "CG Code") contained in Appendix 14 (which has been re-numbered as Appendix C1 with effect from 31 December 2023) of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), save and except for the deviations of the following:

Code provision C.1.6 of the CG Code 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 was unable to attend the annual general meeting of the Company held on 2 June 2023 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 CG 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.

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 2023 in conjunction with the Company's external auditors.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after the year ended 31 December 2023 and up to the date of this announcement.

SCOPE OF WORK OF WM CPA LIMITED

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2023 have been agreed by the Group's auditors, WM CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by WM CPA 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 WM CPA Limited on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (which has been re-numbered as Appendix C3 with effect from 31 December 2023) to the Listing Rules (the "Model Code") as the code of conduct of the Group regarding Director's securities transactions. 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 (www.hkex.com.hk) and the Company's website (www.dt-capitalhk.com) under sections of "Annual/Interim Report" and "Announcements". The 2023 annual report will be published on websites of the Stock Exchange and the Company in due course and be made available to the shareholders in accordance with the new arrangement on Dissemination of Corporate Communications as announced on 5 February 2024.

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 2023 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, 27 March 2024

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 as non-executive Director; Mr. Chen Yeung Tak, Mr. Tang Chin Ting and Mr. Jochum Siebren Haakma as independent non-executive Directors.