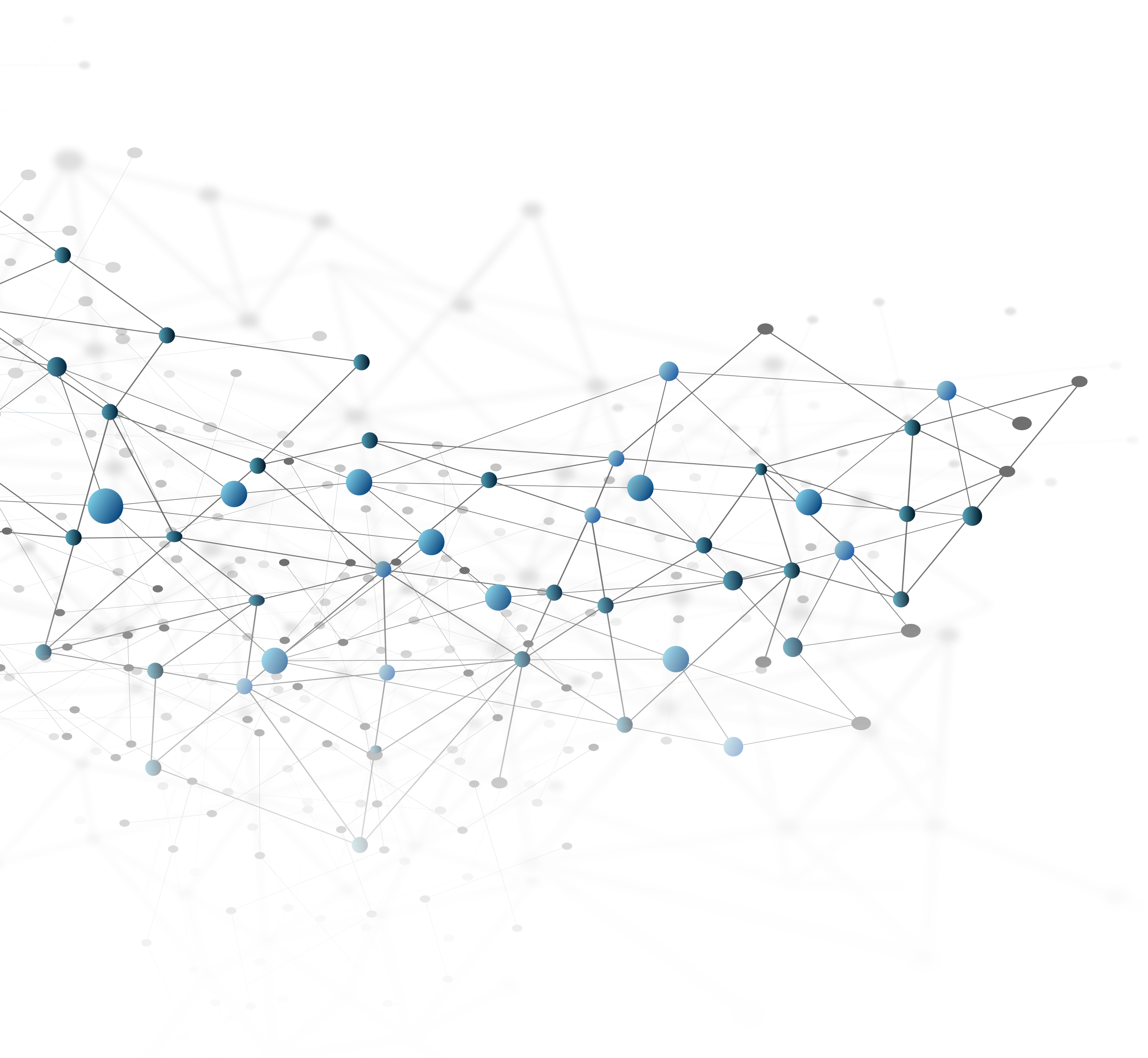
True Partner Capital Holding



First Quarterly Report 2023

True Partner Capital Holding Limited

Incorporated under the laws of the Cayman Islands with limited liability

Stock code : 8657

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

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

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

Corporate overview

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

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

Diversified **global investor base** across our products

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

Specialized segment of asset management with **a history of growth**

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

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

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

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

Contents

Corporate information

Board of directors

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

Independent Non-executive Directors
Jeronimus Mattheus Tielman
Wan Ting Pai
Ming Tak Ngai

Audit committee

Wan Ting Pai *(Chairwoman)*
Jeronimus Mattheus Tielman
Ming Tak Ngai

Remuneration committee

Wan Ting Pai *(Chairwoman)*
Ralph Paul Johan van Put
Godefriedus Jelte Heijboer
Jeronimus Mattheus Tielman
Ming Tak Ngai

Nomination committee

Wan Ting Pai *(Chairwoman)*
Ralph Paul Johan van Put
Godefriedus Jelte Heijboer
Jeronimus Mattheus Tielman
Ming Tak Ngai

Company secretary

Siow Grace Yuet Chew
ACG, HKACG

Authorised representatives

Ralph Paul Johan van Put
Godefriedus Jelte Heijboer

Compliance officer

Roy van Bakel

Registered office in the Cayman Islands

P.O. Box 31119 Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

Head office and principal place of business in Hong Kong

Suites 2902-3, 29/F Tower 2
The Gateway
Harbour City
Kowloon
Hong Kong

Cayman Islands principal share registrar and transfer office

Appleby Global Services (Cayman) Limited
71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Legal advisers

As to Hong Kong law:
Kwok Yih & Chan

As to Cayman Islands law:
Appleby

As to U.S. law:
Thompson Coburn LLP

Auditor

PKF Hong Kong Limited
Certified Public Accountants
26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay, Hong Kong

Principal banker

DBS Bank (Hong Kong) Limited

Stock code

8657

Company website

www.truepartnercapital.com

(contents of this website do not form part of this report)

Results

First Quarterly Report 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 three months ended 31 March 2023 (the "**Reporting Period**") together with the unaudited comparative figures of the corresponding period in 2022 as set out below:

Selected financial highlights

	Three months ended 31 March		
	2023 (HK$'000)	**2022 (HK$'000)**	**% Change**
Total Revenue	**4,589**	14,046	(67)
Revenue from fund management business	**4,589**	14,046	(67)
Gross profit	**4,082**	12,674	(68)
Operating loss *Note 1*	**(14,010)**	(5,696)	(146)
Loss for the period	**(14,103)**	(6,492)	(117)
Loss attributable to owners of the Company	**(14,103)**	(6,620)	(113)
Total comprehensive loss	**(13,538)**	(3,692)	(267)
Loss per share (HK cents) – Basic and diluted *Note 2*	**(3.53)**	(1.66)	(113)

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$14,103,000 (2022: HK$6,620,000), 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 31 March 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 first quarter of 2023 saw a rally in global equity markets, continuing the gains seen in Q4 2022, but also the emergence of new worries about certain banks. Measures of equity index volatility generally declined over the quarter.

- The MSCI World Total Return Hedged to US Dollars ("**MSCI World**") finished the quarter up +7.7%, building on a similar gain in the prior quarter (+7.7% in Q4 2022). The Bloomberg Global Government Bond Index Hedged to US Dollars was up +3.0% in Q1 after being flat in Q4 2022 (and down -10.0% for 2022 as a whole).

- Popular measures of at-the-money implied volatility declined over the quarter. The VIX index fell from 21.7 to 18.7. A similar measure for the Euro Stoxx 50 fell from 20.9 to 19.4, while the equivalent measures in the Japanese Nikkei fell from 19.9 to 16.7 and in the Korean Kospi 200 index from 18.4 to 15.6 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. Over the first quarter VIX April 2023 expiry futures declined from 25.9 to 20.8, a decline of -19.8%. VIX May 2023 expiry futures also declined, from 26.2 to 22.1, a decline of -15.5%. The ProShares VIX Short-Term Futures ETF ("**VIX ETF**"), which systematically buys and rolls short-term VIX futures, also had a notable loss for the quarter, falling -20.5%. It is of note that the decline in the VIX ETF came on top of a fall of -33.5% in Q4 2022.[2]

- The first quarter of 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

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

thus can serve as an illustration of the relative costs and benefits of holding downside protection on US equities.

- In the first quarter of 2023 the Put Protection Index was up +4.6%, while the S&P 500 TR was up +7.5%, i.e. the Put Protection Index underperformed the S&P 500 TR by around 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 are different to the Put Protection Index, but this does illustrate the difficult environment for protective strategies in the first quarter of 2023 and in 2022.

- This backdrop would generally be expected to create a relatively challenging quarter for our index volatility trading. The Group's trading strategies are predominantly relative value in nature, but have historically 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 deliver an approximately flat return during the first quarter of 2023, with gains in February and March offsetting losses in January.[3] Our relative value volatility strategy also showed a negative correlation to equity markets over the quarter, with internal estimates of performance showing higher gains mid-March during the brief period of declines in equity markets amid the worries about some banks.

- 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 prevailing market opportunities. Investors in the Group's products typically focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 through 31 March 2023, the

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.

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]

- The Group's assets under management were lower relative to the comparable period in 2022 and 31 December 2022. Assets under management were US$1,366 million as of 31 March 2023 as compared to US$1,618 million as of 31 March 2022 and US$1,516 million as of 31 December 2022. The decrease in assets under management over the Reporting Period was driven by the investment portfolio adjustments of some investors and the less favourable market conditions for our volatility trading strategy.

- Revenues for the Reporting Period were HK$4.6 million. This compares to revenues of HK$14 million for the three months ended 31 March 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 assets under management and the average management fee charged on the Group's assets under management for the three months ended 31 March 2023 as compared to the three months ended 31 March 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. When comparing the years of 2023 and 2022, the assets under management in managed accounts increased relative to the assets under management in fund products. During 2022, net inflows were positive into managed accounts and negative into fund products. During the first quarter of 2023, net inflows were positive into fund products and net inflows into managed accounts were negative.

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.

This resulted in an overall increase in assets under management in managed accounts and a decrease in assets under management in fund products, as well as a net decrease in overall assets under management. Over both periods, inflows were also driven by larger clients. Overall, the effects of this meant 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. The combination of these factors led to a decrease in the average revenue per unit of assets under management for the year 2023 as compared to 2022.

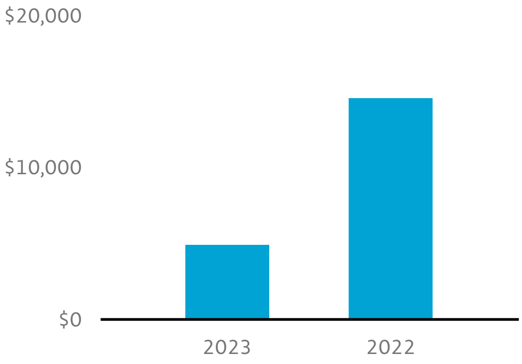
- General and administrative expenses were HK$18.2 million in the first quarter of 2023, as compared to HK$18.4 million in the first quarter of 2022. The expenses were approximately at the same level as the three months ended 31 March 2022. This was driven by a combination of factors, notably, in 2022 when the Group invested in professional fees by hiring new employees and certain marketing fees, which were one-time costs. Moreover, other general and administrative expenses including staff costs, data expenses etc. were higher in 2023 as compared to 2022 as the overall number of personnel was higher in 2023 as compared to 2022 since 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$14 million in the first quarter of 2023, as compared to a loss of HK$6.4 million in the comparable period in 2022. Loss attributable to owners of the company was HK$14.1 million in the first quarter of 2023 (after tax), as compared to a loss of HK$6.6 million in the comparable period of 2022.

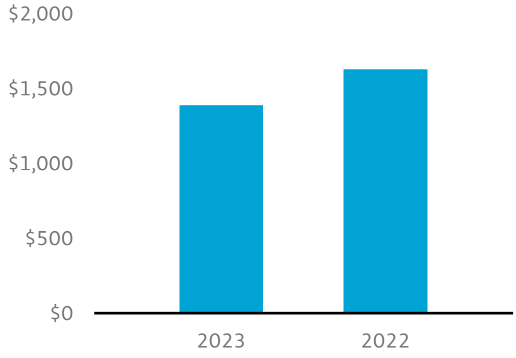
Selected highlights

(in HK$ millions as of 31 March 2023 unless stated, with comparison to 31 March 2022)

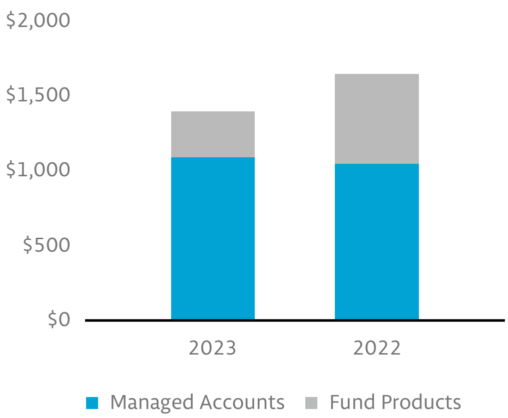
Revenues



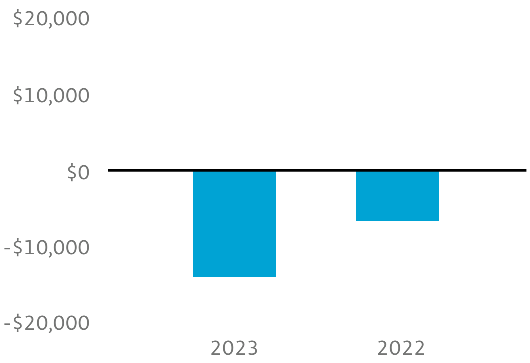
Assets under management ("AUM") (US$ millions) [5]



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

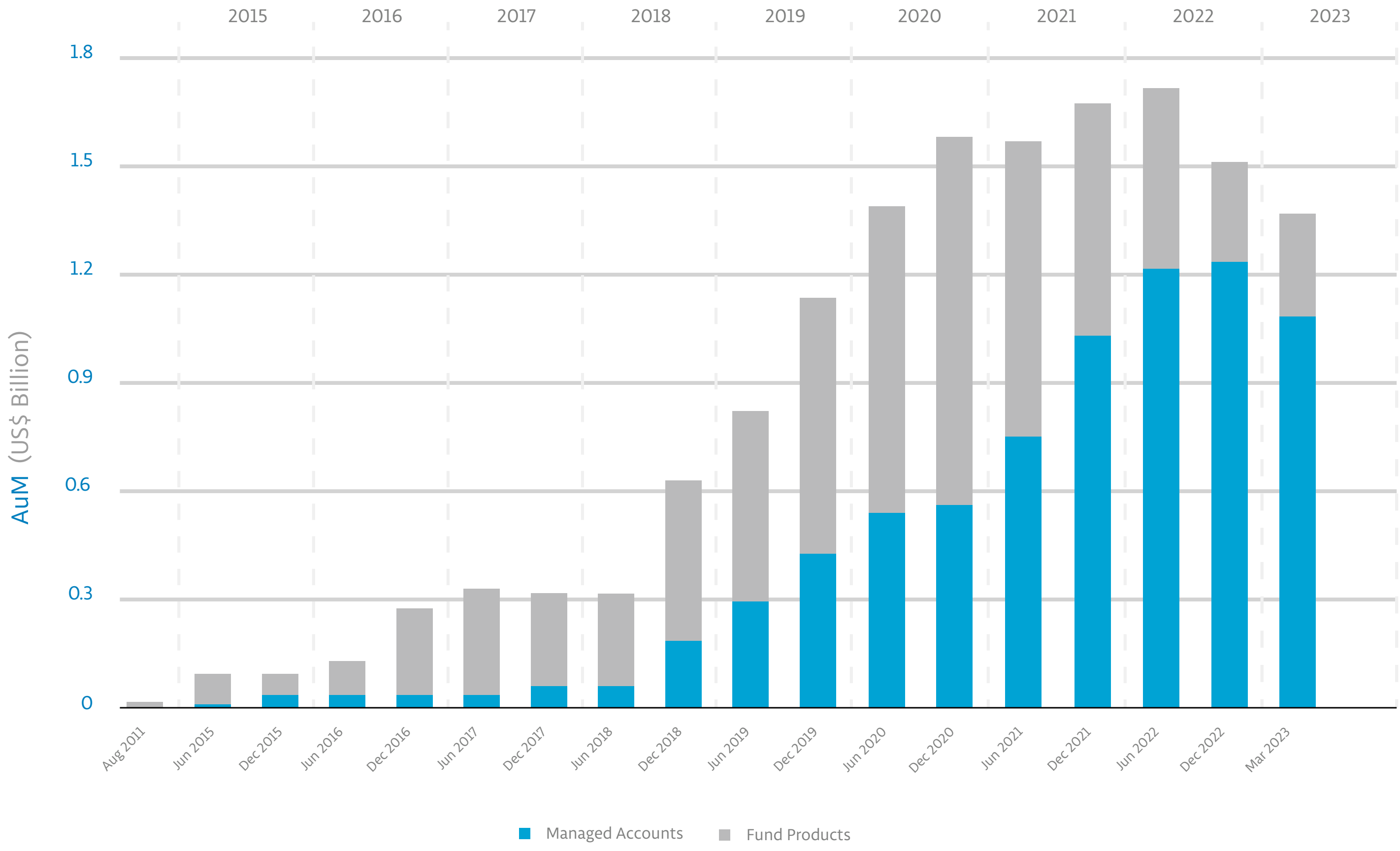


Loss attributable to owners of the company



5. The Group manages or advises on both fund products and other investment mandates. For the purposes of this report, fund products launched by the Group or co-branded with the Group where a subsidiary of the Group is the investment manager or sub-investment manager are grouped under "fund vehicles"; other mandates are grouped under "managed accounts". The Group's managed accounts may deploy the Group's relative value trading strategy and/or other trading strategies. As of 31 March 2023, the Group's relative value trading strategy is deployed across both fund products and managed accounts.

Earnings power and operating leverage



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**") manage funds and managed accounts on a discretionary basis using a global relative value volatility strategy and other volatility strategies developed by the Group. These 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 is US$1,366 million as of 31 March 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 31 March 2023, our assets under management comprised of US$281 million in comingled fund products (including funds where the Group is a sub-investment manager) and US$1,085 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. Over the Reporting Period, our assets under management included mandates deploying our relative value strategy and other volatility strategies developed by the Group.

Market environment

The first quarter of 2023 saw a rally in global equity markets, continuing the gains seen in Q4 2022, but also the emergence of new worries about certain banks. Measures of equity index volatility generally declined over the quarter.

The MSCI World Total Return Hedged to US Dollars ("**MSCI World**") finished the quarter up +7.7%, building on a similar gain in the prior quarter (+7.7% in Q4 2022). The Bloomberg Global Government Bond Index Hedged to US Dollars was up +3.0% in Q1 after being flat in Q4 2022 (and down -10.0% for 2022 as a whole).

Popular measures of at-the-money implied volatility declined over the quarter. The VIX index fell from 21.7 to 18.7. A similar measure for the Euro Stoxx 50 fell from 20.9 to 19.4, while the equivalent measures in the Japanese Nikkei fell from 19.9 to 16.7 and in the Korean Kospi 200 index from 18.4 to 15.6 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. Over the three months to 31 March 2023, VIX April 2023 expiry futures declined from 25.9 to 20.8, a decline of -19.8%. VIX May 2023 expiry futures also declined, from 26.2 to 22.1, a decline of -15.5%. The ProShares VIX Short-Term Futures ETF ("**VIX ETF**"), which systematically buys and rolls short-term VIX futures, also had a notable loss for the quarter, falling -20.5%. It is of note that the decline in the VIX ETF came on top of a fall of -33.5% in Q4 2022.[7]

The first quarter of 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.

In the first quarter of 2023 the Put Protection Index was up +4.6%, while the S&P 500 TR was up +7.5%, i.e. the Put Protection Index underperformed the S&P 500 TR by around 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 in the first quarter of 2023.

Investment performance

This backdrop could be expected to create a relatively challenging quarter for our index volatility trading. The Group's trading strategies are predominantly relative value in nature, but have historically 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 an approximately flat return during the first quarter of 2023, with gains in February and March offsetting losses in January.[8] Our relative value volatility strategy also showed a negative correlation to equity markets over the quarter, with internal estimates of performance showing higher gains mid-March during the brief period of declines in equity markets amid the concerns about some banks.

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 prevailing market opportunities.

6. The net monthly return is calculated net of all fees and based on True Partner Offshore Fund Class B-1 shares as calculated and reported by the fund's administrator, which is generally representative of the overall performance of TPF as the class B-1 series of shares has the longest track record among all classes and series of shares, being established since the inception of the respective funds and having terms which are ordinary and standard as compared to other class and series of shares.

7. Sources: Bloomberg, True Partner

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.

Investors in the Group's products typically focus on long-term investment performance as a key metric as they are generally seeking to invest with a longer-term horizon. When considering the whole period from its inception in July 2011 through 31 March 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 revenues is its fund management business. Fund management revenues are derived from both management fees and from performance fees. Revenues for the Reporting Period were HK$4.6 million. This compares to revenues of HK$14 million for the three months ended 31 March 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 three months ended 31 March 2023 as compared to the three months ended 31 March 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. When comparing the years of 2023 and 2022, the assets under management in managed accounts increased relative to the assets under management in fund products. Net inflows were positive into managed accounts and negative in fund products, resulting in an overall net decrease in assets under management. Inflows were also driven by larger clients. When considering specifically the first quarter of 2023, net inflows into fund products were positive, but at a lower level than the outflows seen in 2022, while net inflows were negative in managed accounts. Overall, the effects over the full period 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.

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 and the average revenue per unit of assets under management for the three months ended 31 March 2023 as compared to the three months ended 31 March 2022.

General and administrative expenses were HK$18.2 million in the first quarter of 2023, as compared to HK$18.4 million in the first quarter of 2022. This was driven by a

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.

combination of factors. Notably, in 2022, the Group invested in professional fees relating to the hiring of new employees and certain marketing fees which were one-time costs. Moreover, other general and administrative expenses including staff costs, data expenses etc. were higher in 2023 as compared to 2022 as the overall number of personnel was higher in 2023 as compared to 2022 since 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$14 million in the first quarter of 2023, as compared to a loss of HK$6.4 million in the comparable period in 2022. Loss attributable to owners of the company was HK$14.1 million in the first quarter of 2023 (after tax), as compared to a loss of HK$6.6 million in the comparable period of 2022. The Group's total comprehensive loss attributable to owners of the company was a HK$13.5 million in the first quarter of 2023 vs. of HK$3.8 million in the comparable period of 2022.

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 $1,366 million in assets under management as of 31 March 2023. This compares to $1,618 million in assets under management as of 31 March 2022, representing a decrease of $252 million or 16%. Assets under management also decreased relative to the end of 2022 from $1,516 million as of 31 December 2022 to $1,366 million as of 31 March 2023. The decrease relative to the comparable period of 2022 and the end of 2022 was driven by less favourable market conditions for our volatility trading strategy and the investment portfolio adjustments of some fund investors.

As of 31 March 2023, the Group had $281 million in assets under management in fund vehicles and $1,085 million in managed accounts. This compares to $578 million in assets under management in fund vehicles and $1,040 million in managed accounts as of 31 March 2022.

Business development activities

The Group has successfully adapted to the challenging conditions created by Covid-19, expanding its provision of digital content and making use of technology to engage with investors globally despite restrictions on in person interaction and travel. As travel restrictions have eased, the Group has been active in meeting investors and prospects in person and increased international travel to meet investors where commercially beneficial and in keeping with environmental and social governance responsibilities.

During the first quarter of 2023, the team has been actively engaged with investors and prospects through webinars and on a one-on-one basis. This included holding a webinar for the True Partner Fund and various one-on-one meetings. These provided an opportunity to discuss the Fund's performance in 2022 and 2023. Working in conjunction with IAM, with whom the Group has a partnership with for the UCITS fund product, where we are the sub-investment manager, we also held a webinar for UCITS investors. The Group has also continued to engage with investors and prospects via newsletters and articles. We have been actively engaged with our capital introduction partners over the period as well.

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 onto a centralised platform. During

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 the first quarter of 2023, we have focused on further improving the stability, redundancy, and security of both our infrastructure and our proprietary technology.

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 rally in the fourth quarter of 2022, markets had a buoyant start to 2023 with the Nasdaq even posting its best January since 2001. Since the end of September 2022 markets across the world have logged material gains. Over the six months to the end of Q1 2023 the MSCI World is up +16.0%, the S&P 500 Total Return is up +15.6%, the Euro Stoxx 50 Total Return up +30.8%, the Nikkei 225 Total Return up +9.1%, the Hang Seng Total Return up +19.1% and the Kospi 200 Total Return is up +16.3%.

At the same time, measures of implied volatility have cratered. For example, a popular short-term VIX futures ETF has lost almost half its value, down 47% over the same six-month period.[11] From the perspective of these numbers, markets may appear robust and geared for continued gains. However, we see headwinds ahead.

The past months have been even more remarkable given all the threats on various fronts that markets have appeared to defy. While at this moment we do not see an imminent catalyst for a market crash, we do see a range of factors that we believe are major headwinds for equity markets in general and specifically for US equity markets. These factors range from lingering, longer term developments to detractors that are increasingly current and out in the open. Inflation remains persistent, as do the troubles at small and medium US banks. Central banks remain steadfast in tightening monetary policy, just when the US consumer appears to be seeing pressures after an extended period of easy credit. The geopolitical situation remains precarious, while in the US the recurring high stakes political game of chicken surrounding the debt ceiling has kicked off again. With that in mind, we believe that market valuations and volatility levels provide quite a disconnect with the world outside of our market screens. But that disconnect also provides not just a volatility environment which in our view is more interesting now than it has been for the past years, but also an ideal opportunity for all investors who might not be fully sold on the positivity, to hedge downside exposure, while retaining market upside.

To start off with inflation, arguably the market's main nemesis in 2022, this remains broad-based and persistent. Both in the US and in Europe, inflation has receded from earlier peaks reflecting the easing of logistical bottlenecks and, in Europe, also reflecting the mild winter which averted an energy crisis. But regardless, inflation remains well above target levels and central banks have generally continued to revise higher their forecasts of inflation and/or its pass-through effects from headline to core measures.

In Europe, declines in energy costs have masked continued pass-throughs of inflation at the core level. Meanwhile, US markets remain in the thralls of 'Goldilocks', expecting a gentle slowdown which would suffice for early rate cuts but would not be of a magnitude to cause a recession. An increase in strikes and higher wage demands also point to the possibility of a nascent wage-price inflationary spiral. Markets have reacted in a remarkably muted way to various datapoints opting for the positive perspective: inflationary data appear to be perceived as signalling growth and alleviating the risk of recession, while data indicating economic slowdown appear to be perceived as supporting a quick easing of rates. Market pricing for only one, short-term hike in the US, followed by rapid easing contrasts with the perspective the Federal Reserve itself provides by means of the Summary of Economic Projections, better known as the 'dot plot'.[12]

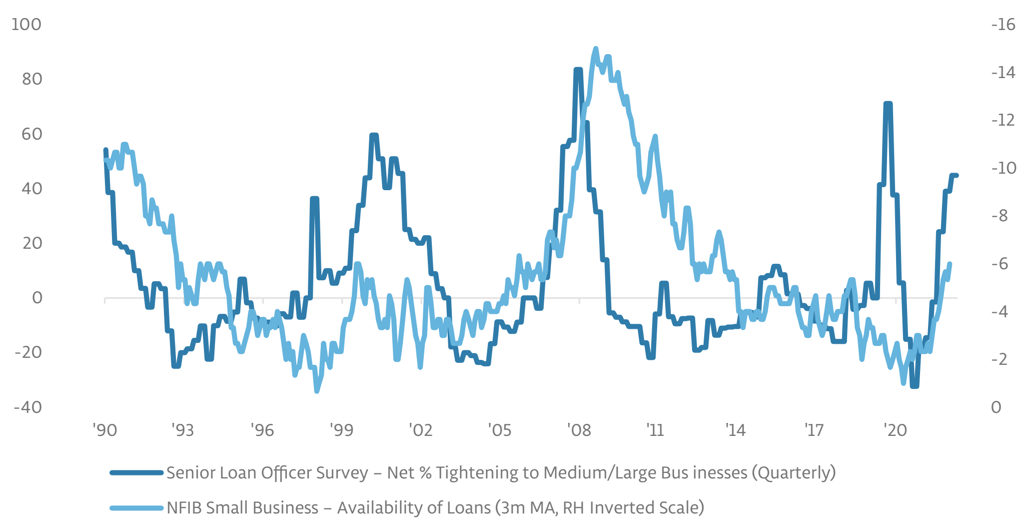
11. Market data from Bloomberg; VIX Short-Term Futures ETF referred to is the ProShares VIX Short-Term Futures ETF

12. See for example the Summary of Economic Projections published by the Federal Reserve on March 22, 2023: https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20230322.htm and compared to market pricing from Bloomberg or the CME FedWatch tool https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html

Equity markets moved on remarkably quickly from what now in hindsight can perhaps be called the mini-banking crisis in March. However, when assessing the impact of rates on the economy, the collapse of the Silicon Valley Bank in March will likely cast its shadow forward. As referenced by Chairman Powell during the last FOMC press conference, an important impact of the mini-banking crisis is an overall reduction in the availability of credit, which has an equivalent effect to a rate hike. There is the potential for a continued flight of deposits from weaker to stronger banks, but also a more general threat as the easy availability of money market funds as an alternative to low-interest checking accounts also has the potential to raise the costs of deposit funding, pressuring net interest margins, thus pushing higher the cost of credit across all banks, some of which also have to deal with significant unrealized losses on hold to maturity securities.[13]

In addition, the small and medium US banks which are perceived to be most vulnerable to implosion of their deposit base appear to have the most significant exposure to commercial real estate, including offices. In a post-Covid world, demand for office space appears to be permanently impaired. While estimates vary, a monthly Stanford survey suggests that in January 2023, just over a quarter of paid days of work were worked from home vs around 5% pre-pandemic, with over 10% of workers fully working from home.[14] Some measures suggest even bigger drops in office working.[15] The New York Times recently noted that there was 1 billion square feet of untenanted office space at the end of 2022. That is about the same as 2.5x all the office space in New York.[16] At the same time, more than half of the USD2.9 trillion in commercial mortgages will need to be renegotiated by the end of 2025 and local and regional banks are on the hook for nearly 70% of these loans according to research by Bank of America and Goldman Sachs.[17] We have already seen some impacts from this on real estate focused companies. The overall reduction of available credit which Powell referenced is also visible in markers such as the Federal Reserve's Senior Loan Officer Survey, as shown in the chart below.

Surveys of both credit suppliers (banks) and credit recipients (small businesses) are reporting tighter credit conditions



13. "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/

14. Source: Survey of Working Arrangements and Attitudes (SWAA), https://wfhresearch.com/wp-content/uploads/2023/02/WFHResearch_updates_February2023.pdf. This survey is based on the original paper: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731. www.wfhresearch.com

15. 'Do we know how many people are working from home'; New York Times, 30 March 2023 https://www.nytimes.com/2023/03/30/business/economy/remote-work-measure-surveys.html

16. Based on statistics from the New York Times: https://www.nytimes.com/2023/04/25/nyregion/office-landlords-nyc.html; and https://www.nytimes.com/2022/12/27/business/what-would-it-take-to-turn-more-offices-into-housing.html

17. Concerns Grow as Tighter Lending Threatens Commercial Real Estate; New York Times, 6 April 2023

In addition to the headwinds for businesses, we believe that signs of trouble are emerging on the consumer side as well. The rise in US housing prices has reverted with the median sale price down 3.3% year-over-year in March[18] negatively impacting consumer equity. US real estate data on 27th April painted a further gloomy picture, with pending home sales down 5.2% month-on-month in March and over 20% year-on-year.[19] Any reduction in credit has the potential to impact the US consumer just at a time when we believe that the reserves dating from the Covid relief packages have dwindled and relief measures are rolling off. Consumer credit delinquency rates have also started to rise, albeit from unusually low levels with notably the delinquencies in auto loans rising sharply.[20] The US consumer, whose resilience has been a positive driver of market sentiment post-Covid appears increasingly under threat of being tapped out. The downside surprise in Q1 GDP data – which came in at 1.1% annualized vs. 1.9% consensus – is another worrying sign.[21]

Besides the tug of war between inflation and an economic slowdown, the troubles in the banking sector and more restrictive policy actions by the world's main central banks, the overall geopolitical picture remains challenging as well. The conflict between Ukraine and Russia, while mostly out of the main headlines, continues, with devastating human costs and major financial impacts. An increasing secondary effect from that conflict 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. We believe that this is likely to create long-term inflationary headwinds. This risk is also increasingly a discussion topic in policy circles, as evidenced by ECB President Christine Lagarde's recent 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.[22]

The unity of the Western alliance supporting Ukraine may also come under threat. Politics across the western democracies have grown more polarized, with the US reaching an alarming level of dysfunction. And US politics brings us to the current 500-pound (or rather 31.4 trillion dollar) gorilla in the room: the US debt ceiling.

While we do not see an imminent probable reason for a market crash, the debt ceiling is clearly one such risk. While theoretically these standoffs are easily solved and so default is highly unlikely, market disruption can occur even without a default if that prospect gets sufficiently close. Remember that only when it came down to the wire in 2011, 2012 and 2013 did common sense finally prevail. And past performance is no guarantee for future results as the level of polarization in general, combined with the razor-thin majorities of the Republicans in the House and Democrats in the Senate make a timely fix anything but a foregone conclusion. And time is of the essence. While the so-called X-date (at which the extraordinary measures run out and the US Government might potentially default on its obligations) is expected to fall in the Summer, less-than-expected tax revenue could have the effect of pushing that date forward into early June. Stress is already visible in the US Treasury Bill market: at the time of writing, a large yield differential of over 100 basis points has opened up between the 23 May and 20 June maturities, with most of the differential concentrated around the first week of June, between the 1st June and 6th June maturities.[23].

18. Source: Redfin

19. Source: Bloomberg

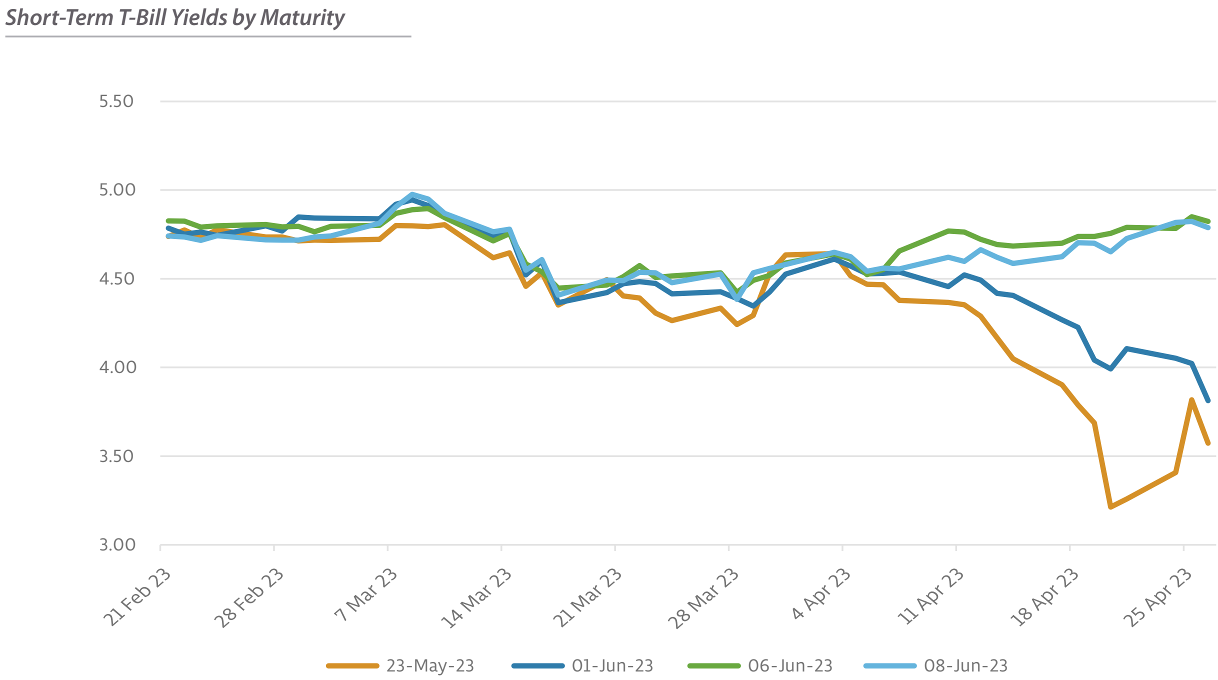
20. See for example delinquency rates in consumer loans (Federal Reserve US Delinquency Rate on Consumer Loans all Commercial Banks), credit cards (Federal Reserve US Delinquency Rates For All Banks Credit Cards), and auto loans (US NY Fed Equifax Flow Early Delinquency 30+ by Loan Type Percent Auto). Source: Bloomberg

21. Source: Bloomberg

22. '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

23. Source: Bloomberg, as of 26 April 2023

Short-term US treasury bills yields by maturity date



The repercussions of a technical default remain unclear, with the risk of unintended and unexpected consequences. The recent experience in the UK is perhaps instructive, as an underestimation of collateral needs, combined with requirements to settle collateral in cash had major impacts on the market for Gilts as many large holders sought to unwind positions at the same time. If the US debt ceiling comes right down to the wire, or there is a technical default, what things might be uncovered? The risk of a mishap relating to the debt ceiling is exacerbated given the essential role of US Treasuries in the global financial system.

In that context, from our perspective, US equity valuations appear quite challenging. After a 21% rally in the first quarter of 2023, the Price/Earnings ratio of the Nasdaq is currently at around 32. While that is still quite shy of the levels seen during the dot-com bubble, in light of the interest rate environment, we believe that the upside appears limited and would note that even some large stocks such as NVIDIA (around 5% of the index) are already commanding an over 100x P/E.

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 31x at the end of March, vs a 50-year average of 24x and a longer-run average of 21x (since 1881).[24] That puts valuations in the top decile of most expensive periods over the full data set, and in the top quartile of most expensive periods over the last 50 years, or a bit more expensive than stocks were coming into 2008.

But in an apparent disconnect, the backdrop discussed above is for the most part not evident when seen from the perspective of the current pricing of equity volatility. Implied volatilities on several major indices in the US, Europe and Asia are trading at levels below long-term averages, in some markets even substantially so. The implied volatility of the UK's FTSE 100 index having dipped into the single digits is a case in point.

The disconnect between volatility in equity indices and that observed in other asset classes is also stark. In mid-March, the MOVE index which tracks the implied volatility in US Treasuries jumped to levels above those seen in

24. Sources: True Partner, Robert Shiller/Yale Economics Department

Q1 2020 and even after retreating from these highs still trades at substantially elevated levels, in stark contrast to equity volatility as represented by the VIX.

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 demonstrated that fixed income, previously perceived as a strong diversifier, can also have material losses at the same time as equities. For example, the popular iShares 20y+ Treasury Bond ETF was down -32.8% in 2022, significantly underperforming the equivalent ETF on the S&P 500, which was down -19.5% (SPDR S&P 500 ETF Trust). 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 on market declines (and at times, implied volatilities even declined amid market declines as happened in December 2022). We have highlighted this theme in previous reports. From that perspective, the changes in per-strike volatility and as in VIX futures contracts over the mini-banking crisis in mid-March 2023 were interesting. Whereas volatility changes remained at a lower magnitude compared to declines in earlier years, they did show more reactivity than seen in much of 2022. Furthermore, during that episode the start of contagion was visible between implied volatilities of different indices across the globe. We believe that this points to a further normalization of volatility behaviour after the anomaly of 2022, and a return to the kind of historical behaviour where directional volatility hedges have been benefited. We also expect the return of this behaviour to help drive opportunities for our relative value volatility strategy.

Overall, we believe there is significant potential for equity index volatility to see much more interesting behaviour over the next 12 months than it has seen over the last 12 months. This leaves us optimistic on the outlook.

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$4.6 million, representing a decrease of HK$9.4 million, or approximately 67% as compared with HK$14 million for the corresponding period of 2022. The decrease in revenue was primarily due to shifts in product mix over the period, which had the result of 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$4.1 million, representing a decrease of HK$8.6 million or 68% from HK$12.7 million for the corresponding period of 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$18.2 million, representing a slightly decrease of HK$0.2 million or approximately 1% from HK$18.4 million over the corresponding period of 2022. This was driven by a combination of factors, notably, in 2022 the Group invested in professional fees in association with the hiring of new employees and certain marketing fees which were one-time costs. Moreover, other general and administrative expense including staff costs, data expenses etc. were higher in 2023 as compared to 2022 as the overall number of personnel was higher in 2023 as compared to 2022 since 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.

Dividends

The Board does not recommend the payment of any dividend in respect of the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

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 31 March 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	58,215,018	14.55%
Godefriedus Jelte Heijboer	Beneficial owner	56,049,644	14.01%
Ralph Paul Johan van Put(1)	Interest in a controlled corporation	58,337,399	14.58%
Roy van Bakel(2)	Interest in a controlled corporation	27,686,280	6.92%

Notes:

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

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

Save as disclosed above, as at 31 March 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 31 March 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	58,215,018	14.55%
Wong Rosa Maria (2)	Interest of spouse	56,049,644	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	70,784,908	17.69%
Chan Kong Yoke Keow (5)	Interest of spouse	70,784,908	17.69%
Edo Bordoni	Beneficial owner	29,839,153	7.46%
Anne Joy Bordoni (6)	Interest of spouse	29,839,153	7.46%
Red Seven Investment Ltd	Beneficial owner	27,686,280	6.92%
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 14.55% 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 47.64% owned by Mr. Chan Heng Fai Ambrose. Alset International Limited holds 0.08% 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 15.58% 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 and Red Seven Investment Ltd is wholly owned by Mr. Roy van Bakel. Red Seven Investment Ltd holds 6.92% 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 and Red Seven Investment Ltd are 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 31 March 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**").

As at 1 January 2023 and 31 March 2023, 7,947,488 share options remained outstanding. No share option was granted, exercised, lapsed or forfeited during the three months ended 31 March 2023. The Pre-IPO Share Option Scheme is valid and effective for a period of 2 years commencing on the date that the Company is listed on the Stock Exchange (the "**Listing Date**") thus has expired on 16 April 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 report.

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 three months ended 31 March 2023 and up to the date of this report.

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 three months ended 31 March 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 three months ended 31 March 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 three months ended 31 March 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, 10 May 2023

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

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

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

Unaudited condensed consolidated statement of profit or loss and other comprehensive income

For the three months ended 31 March 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 three months ended 31 March 2023 (the "**Reporting Period**") together with the unaudited comparative figures of the corresponding period in 2022 as set out below:

		Three months ended 31 March	
	Note	***2023*** ***HK$'000*** ***(Unaudited)***	*2022* *HK$'000* *(Unaudited)*
Revenue	4	**4,589**	14,046
Other income and gain	4	**60**	11
Direct costs		**(507)**	(1,372)
Fair value gain/(loss) on financial assets at fair value through profit or loss		**223**	(453)
General and administrative expenses		**(18,152)**	(18,381)
Finance costs		**(37)**	(23)
Share of results of associates		**(180)**	(206)
Loss before income tax	5	**(14,004)**	(6,378)
Income tax expense	6	**(99)**	(114)
Loss for the period		**(14,103)**	(6,492)
Other comprehensive income/(loss)			
Item that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**565**	(109)
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 income		**565**	2,800
Total comprehensive loss for the period		**(13,538)**	(3,692)

Unaudited condensed consolidated statement of profit or loss and other comprehensive income (cont'd)

For the three months ended 31 March 2023

	Note	***Three months ended 31 March*** 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(14,103)**	(6,620)
Non-controlling interest		**–**	128
		(14,103)	(6,492)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(13,538)**	(3,820)
Non-controlling interest		**–**	128
		(13,538)	(3,692)
Loss per share (HK cents)			
Basic and diluted	8	**(3.53)**	(1.66)

Unaudited condensed consolidated statement of changes in equity

For the three months ended 31 March 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	–	–	–	–	–	–	–	(6,620)	(6,620)	128	(6,492)
Other comprehensive income	–	–	–	(109)	2,909	–	–	–	2,800	–	2,800
Total comprehensive loss for the period	–	–	–	(109)	2,909	–	–	(6,620)	(3,820)	128	(3,692)
Acquisition of additional non-controlling 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	–	–	–	–	–	–	513	–	513	–	513
At 31.03.2022 (unaudited)	4,000	153,074	1,145	(771)	–	(1,093)	2,992	28,637	187,984	–	187,984
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	–	–	–	–	–	–	–	(14,103)	(14,103)	–	(14,103)
Other comprehensive income	–	–	–	565	–	–	–	–	565	–	565
Total comprehensive loss for the period	–	–	–	565	–	–	–	(14,103)	(13,538)	–	(13,538)
At 31.03.2023 (unaudited)	**4,000**	**153,074**	**1,145**	**(511)**	**-**	**(1,093)**	**4,099**	**(12,482)**	**148,232**	**-**	**148,232**

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 and current period.

Notes to the first 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 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 have 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 three months ended 31 March 2023 and 2022, is as follows:

	Three months ended 31 March	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Hong Kong	**3,056**	11,514
Chicago	**1,533**	2,532
	4,589	14,046

(b) Information about major customers

For the three months ended 31 March 2023 and 2022, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows:

	Three months ended 31 March	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Customer A	**2,510**	5,450
Customer B	**–**	3,796
Customer C	**663**	2,532
Customer D	**–**	1,634
Customer E	**546**	N/A[1]
Customer F	**870**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. Revenue, other income and gain

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

Revenue

	Three months ended 31 March	
	2023 HK$'000 (Unaudited)	*2022 HK$'000 (Unaudited)*
Revenue from funds and managed accounts		
Management fee income	**4,589**	14,046
	4,589	14,046

Timing of revenue recognition:

	Three months ended 31 March	
	2023 HK$'000 (Unaudited)	*2022 HK$'000 (Unaudited)*
Over time	**4,589**	14,046

Other income and gain

	Three months ended 31 March	
	2023 HK$'000 (Unaudited)	*2022 HK$'000 (Unaudited)*
Interest income	**24**	1
Dividend income	**–**	1
Sundry income	**8**	9
Exchange gain, net	**28**	–
	60	11

5. Loss before income tax

	Three months ended 31 March	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss before income tax is arrived at after charging/(crediting):		
Amortisation of intangible assets	**71**	80
Auditor's remuneration	**389**	387
Depreciation of plant and equipment	**398**	499
Depreciation of right-of-use assets	**385**	482
Employee benefits (including directors' remuneration)		
- Salaries and other benefits	**10,842**	9,702
- Equity-settled share-based payment expense	**–**	513
- Pension scheme contributions	**488**	441
	11,330	10,656
Exchange (gain)/loss, net	**(28)**	65
Interest expense on lease liabilities	**37**	7
Short-term lease expenses	**359**	158

6. Income tax expense

Income tax expense for the period represents:

	Three months ended 31 March	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax - Hong Kong		
Provision for the period	**99**	114
	99	114

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

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

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 15% on taxable profits up to EUR395,000. The corporate income tax rate is 25.8% on taxable profits exceed EUR395,000. 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 operate 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 three months ended 31 March 2023, no share of tax attributable to associates (three months ended 31 March 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 three months ended 31 March 2023 (three months ended 31 March 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 (three months ended 31 March 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:

	Three months ended 31 March	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company	**(14,103)**	(6,620)

Number of shares	Three months ended 31 March	
	2023	2022
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 three months ended 31 March 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 10 May 2023.