



DLC ASIA

DLC ASIA LIMITED
衍匯亞洲有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock code : 8210

INTERIM REPORT
2018

* For identification purpose only

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

CONTENTS

Corporate Information	2
Report on Review of Condensed Consolidated Financial Statements	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Financial Statements	8
Management Discussion and Analysis	20
Corporate Governance and Other Information	28



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Ming Yeung, Lambert (*Chairman*)

Mr. Choi Man Ho (*Chief Executive Officer*)

Mr. Lee Tik Man, Dick

Mr. Fung Wai Yip, Patrick

Mr. Ng Yu Fai

Non-executive Director

Mr. Yu Kwok Tung

Independent Non-executive Directors

Mr. Voon David Hian-fook

Mr. Or Kevin

Mr. Wu Ping Lam Michael David

AUDIT COMMITTEE

Mr. Or Kevin (*Chairman*)

Mr. Voon David Hian-fook

Mr. Wu Ping Lam Michael David

REMUNERATION COMMITTEE

Mr. Voon David Hian-fook (*Chairman*)

Mr. Wu Ping Lam Michael David

Mr. Lau Ming Yeung, Lambert

NOMINATION COMMITTEE

Mr. Wu Ping Lam Michael David (*Chairman*)

Mr. Voon David Hian-fook

Mr. Lau Ming Yeung, Lambert

COMPANY SECRETARY

Ms. Yui Ka Lee, *HKICPA*

(Resigned on 5 November 2018)

Ms. Chan Mei Hing, *ACS, ACIS*

(Appointed on 5 November 2018)

AUTHORIZED REPRESENTATIVES

(for the purpose of the GEM Listing Rules)

Mr. Lau Ming Yeung, Lambert

Mr. Choi Man Ho

COMPLIANCE ADVISER

Red Sun Capital Limited

LEGAL ADVISER

Michael Li & Co.

AUDITOR

SHINEWING (HK) CPA Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive,

PO Box 2681,

Grand Cayman, KY1-1111,

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2601-3, Tai Tung Building,

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Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive,

PO Box 2681,

Grand Cayman KY1-1111, Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre,

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PRINCIPAL BANK

The Hongkong and Shanghai Banking

Corporation Limited

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF DLC ASIA LIMITED

(A company incorporated in Cayman Islands as an exempted company with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of DLC Asia Limited (the "Company") and its subsidiary (collectively referred to as the "Group") set out on pages 4 to 19, which comprise the condensed consolidated statement of financial position as of 30 September 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and other explanatory notes. GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong
5 November 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2018

	Notes	Three months ended 30 September		Six months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	5	17,068	17,575	34,941	31,866
Other income and gains, net	6	89	12	17	90
Total revenue and other income		17,157	17,587	34,958	31,956
Depreciation		(147)	(39)	(262)	(81)
Staff costs		(9,851)	(9,207)	(19,264)	(16,505)
Listing expenses		(1,875)	(6,267)	(5,039)	(8,601)
Other operating expenses		(5,330)	(3,991)	(10,219)	(7,743)
Finance costs	7	(13)	(9)	(27)	(16)
(Loss) profit before tax	8	(59)	(1,926)	147	(990)
Income tax expense	9	(469)	(721)	(883)	(1,259)
Loss and total comprehensive expense for the period attributable to the owners of the Company		(528)	(2,647)	(736)	(2,249)
Loss per share (HK cents) Basic and Diluted	11	(0.08)	(0.44)	(0.12)	(0.37)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

		30 September 2018	31 March 2018
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Property and equipment	12	2,374	205
Deposits		567	567
Deposits paid for acquisitions of property and equipment		-	1,530
Intangible assets		1,000	1,000
		3,941	3,302
Current assets			
Trade receivables	13	17,594	21,211
Prepayments, deposits and other receivables		9,911	11,024
Cash and cash equivalents		62,003	21,361
		89,508	53,596
Current liabilities			
Other payables and accruals		6,189	11,956
Tax payable		1,520	637
Bank overdrafts		-	758
		7,709	13,351
Net current assets		81,799	40,245
Net assets		85,740	43,547
Capital and reserves			
Share capital	14	8,000	6,800
Reserve		77,740	36,747
Total equity		85,740	43,547

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to the owners of the Company				
	Share capital	Share premium	Other reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000
At 1 April 2018 (audited)	6,800	-	-*	36,747	43,547
Loss and total comprehensive expense for the period	-	-	-	(736)	(736)
Issue of shares upon reorganisation (the "Reorganisation") (Note 14(c))	-*	-	-*	-	-*
Capitalisation issue (Note 14(e))	6,000	(6,000)	-	-	-
Issue of share upon share offer (Note 14(f))	2,000	49,000	-	-	51,000
Arising from Reorganisation	(6,800)	-	6,800	-	-
Transaction costs in connection with the issue of shares upon share offer	-	(8,071)	-	-	(8,071)
As at 30 September 2018 (unaudited)	8,000	34,929	6,800	36,011	85,740
At 1 April 2017 (audited)	6,800	-	-	31,969	38,769
Loss and total comprehensive expense for the period	-	-	-	(2,249)	(2,249)
As at 30 September 2017 (unaudited)	6,800	-	-	29,720	36,520

* The balance represents an amount less than HK\$500.

Note:

Other reserve represented the difference between the nominal amount of the share capital of De Riva Asia Limited ("De Riva") and the nominal amount of the share capital issued by the Company pursuant to the Reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
OPERATING ACTIVITIES		
Profit (loss) before tax	147	(990)
Adjustments for:		
Depreciation of property and equipment	262	81
Written off of property and equipment	24	–
Interest income	(17)	–*
Interest paid	27	16
Operating cash flows before movements in working capital	443	(893)
Decrease in trade receivables	3,617	1,141
Decrease in prepayments, deposits and other receivables	1,113	726
(Decrease) increase in other payables and accruals	(5,767)	5,346
Cash (used in) generated from operations	(594)	6,320
Interest paid	(27)	(16)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(621)	6,304
INVESTING ACTIVITIES		
Purchase of property and equipment	(925)	(14)
Interest received	17	–*
NET CASH USED IN INVESTING ACTIVITIES	(908)	(14)
FINANCING ACTIVITIES		
Proceeds from issue of shares	51,000	–
Transaction costs in connection with the issue of shares upon share offer	(8,071)	–
Dividends paid	–	(4,000)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	42,929	(4,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,400	2,290
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	20,603	22,193
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, represented by cash and cash equivalents	62,003	24,483

* The balance represents an amount less than HK\$500.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 1 November 2017 and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited on 27 August 2018. Its immediate holding company is Oasis Green Ventures Limited ("**Oasis Green**"), a company with limited liability incorporated in the British Virgin Islands. Its ultimate beneficial owner is Mr. Yu Kwok Tung.

The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Units 2601-3, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong respectively.

The Company is an investment holding company. Its major operating subsidiary, De Riva Asia Limited, was involved in the business of dealing in securities and futures contracts as a futures non-clearing dealer.

The functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") is Hong Kong dollar ("**HK\$**"), which is the same as the presentation currency of the condensed consolidated financial statements.

2. BASIS OF PREPARATION

Pursuant to the Reorganisation as detailed in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 14 August 2018 (the "**Prospectus**"), the Company became the holding company of the companies now comprising the Group on 3 August 2018. The Group, comprising the Company and its subsidiaries, resulting from the Reorganisation, was directly and/or beneficially owned by the same ultimate beneficial owner, Mr. Yu Kwok Tung, before and after the Reorganisation.

As such, this Reorganisation is effectively interspersing a shell company over the subsidiaries and there was a continuation of risks and benefits to the ultimate beneficial owner. Accordingly, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The condensed consolidated financial statements of the Group have been prepared as if the Company had always been the holding company of the companies now comprising the Group throughout the six months ended 30 September 2018 and 2017.

The condensed consolidated statements of profit or loss and other comprehensive income, the condensed consolidated statements of changes in equity and the condensed consolidated statements of cash flows included the results and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the six months ended 30 September 2018 and 2017. The condensed consolidated statements of financial position of the Group as at 31 March 2018 has been prepared to present the assets and liabilities of the companies comprising the Group using the carrying amounts as if the current group structure had been in existence as at that date. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

The condensed consolidated financial statements of the Group for the six months ended 30 September 2018 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the HKICPA.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The significant accounting policies that have been used in the preparation of these condensed consolidated financial statements for the six months ended 30 September 2018 are consistent with those adopted in the historical financial information for the year ended 31 March 2018 included in the accountants' report in the prospectus of the Company dated 14 August 2018 except as described below.

In the current period, the Group has applied, for the first time, the following new standards, amendments and interpretation ("**new HKFRSs**") issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the relevant Amendment
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRSs HK(IFRIC)-Int 22	Annual Improvements to HKFRSs 2014–2016 Cycle Foreign Currency Transactions and Advance Consideration

The adoption of HKFRS 9 and 15 resulted in changes in the Group's accounting policies. The new accounting policies are set out in note 4 below. The directors of the Company consider that, the application of other new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these condensed consolidated financial statements.

HKFRS 9 Financial instruments

HKFRS 9 replaced HKAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for the (1) classification and measurement of financial assets and financial liabilities; (2) impairment of financial assets and (3) general hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained earnings and other components of equity as at 1 April 2018.

Classification and measurements

At the date of initial application of HKFRS 9, the Group's management has reviewed and assessed all financial assets held by the Group on the basis of the Group's business model for managing these financial assets and their contractual cash flow characteristics, and has classified its financial assets and financial liabilities into the appropriate categories of HKFRS 9, as explained below:

Trade receivables, deposits and other receivables previously classified as loan and receivables carried at amortised cost:

They are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets continue to be subsequently measured at amortised cost upon application of HKFRS 9.

Impairment of financial assets

The Group has the following type of financial instruments that are subject to the new impairment requirements under HKFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 9 Financial instruments (Continued)

Trade receivables at amortised cost

The Group applied the simplified approach to provide for expected credit losses ("ECL") under HKFRS 9 and recognised lifetime expected losses for all trade receivables. The trade receivables are grouped based on shared credit risk characteristics and others (e.g. past due information, etc.) for measuring ECL.

Financial assets with low credit risk

The Group measured a 12-month ECL in respect of the following financial instruments:

Other financial assets including deposits and other receivables and cash and cash equivalents, for which credit risk has not increased significantly since initial recognition. Based on assessment by the management of the Group, no loss allowance at 1 April 2018 was made.

4. CHANGE IN ACCOUNTING POLICIES

HKFRS 9 Financial instruments

Classification and measurement

All recognised financial assets that are within the scope of HKFRS 9 are to be subsequently measured at amortised cost or fair value, depending on the entity's business model for managing the financial assets and cash flow characteristics of the asset.

There are three measurement categories into which the Group classifies its debt instruments:

Financial assets at amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on principal outstanding are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains (losses), together with foreign exchange gains and losses.

Financial assets at fair value through other comprehensive income ("FVTOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in other income using the effective interest method.

Financial assets at fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at financial assets at FVTPL. In addition, financial assets that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces an accounting mismatch. A gain or loss on financial asset that is subsequently measured at FVTPL is recognised in profit or loss and presented in other gains (losses) in the period in which it arises.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

4. CHANGE IN ACCOUNTING POLICIES (Continued)

HKFRS 9 Financial instruments (Continued)

Financial assets at fair value through profit or loss ("FVTPL"): (Continued)

In respect of the Group's equity instruments, the Group subsequently measures them at fair value. On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate equity instrument as at FVTOCI if the instrument is neither held for trading nor a contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies, with fair value gains and losses recognised in OCI and accumulated in investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss when they are derecognised. Instead, they will be transferred to retained earnings. Dividends from equity instruments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of equity instruments at FVTPL are recognised in other gains (losses) in the condensed consolidated statement of profit or loss and other comprehensive income as applicable.

With regard to the measurement of financial liabilities designated as at FVTPL, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, deposits and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 and records lifetime ECL that results from all possible default events over the expected life of these financial instruments.

For other financial instruments, the ECL is based on the 12-month ECL. The 12-months ECL is the portion of lifetime ECL that results from possible default events within 12 months after the reporting date, unless when there has been a significant increase in credit risk since initial recognition of the financial instrument, the allowance will be based on the lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with that assessed at the date of initial recognition. In making the assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group presumes that the credit risk on a financial asset has increased significantly when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the above requirements, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have a low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The measurement of ECL is a function of the probability of default, loss given default and the exposure at default and is estimated as the difference between all contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4. CHANGE IN ACCOUNTING POLICIES (Continued)

HKFRS 15 Revenue from contracts with customers

The major sources of revenue of the Group are provision of services.

Revenue is recognised to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when services underlying the particular performance obligations is transferred to customer.

A performance obligation represents service (or a bundle of goods or services) that is distinct or a series of distinct services that are substantially the same. For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

The Group recognises revenue for a performance obligation satisfied over time only if the Group can reasonably measure its progress to towards complete satisfaction of the performance obligation. In circumstances where the Group is unable to reasonably measure the outcome of a performance obligation but expects to recover the cost incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Commission income from dealing in securities and futures contracts are recognised at a point in time when the transactions have been executed.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. CHANGE IN ACCOUNTING POLICIES (Continued) HKFRS 15 Revenue from contracts with customers (Continued)

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments provides the customer or the Group with a significant benefit of financing the transfer of services to the customer. In those circumstances, the contract contains a significant component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

Contract cost

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs, and are amortised on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates. The asset is subject to impairment review. Where the amortisation period of the asset is one year or less, the Group applies practical expedient under HKFRS 15 to recognise the incremental costs as an expense when incurred.

5. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the amounts received and receivable for services provided in the normal course of business.

	Three months ended 30 September 2018		Six months ended 30 September 2018	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Commission income from dealing in securities and futures contracts as a futures non-clearing broker	17,068	17,575	34,941	31,866

Segment Information

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the directors of the Company) in order to allocate resources to the segment and to assess its performance.

Information reported to the directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performances focuses on brokerage service. During the six months ended 30 September 2018 and 2017, the Group focused on provision of brokerage service and all the assets and major revenue are located and derived in Hong Kong. Accordingly, no segment analysis is prepared.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	Three months ended 30 September 2018		Six months ended 30 September 2018	
	HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Customer A	1,760	1,779	3,712	3,515
Customer B	N/A*	1,978	N/A*	3,279
Customer C	2,075	N/A*	5,616	N/A*

* The corresponding revenue did not contribute over 10% of total revenue of the Group for the respective reporting period.

6. OTHER INCOME AND GAINS, NET

	Three months ended 30 September 2018		Six months ended 30 September 2018	
	HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Bank interest income	13	–*	17	–*
Exchange gain, net	76	12	–	90
	89	12	17	90

* The balance represents an amount less than HK\$500.

7. FINANCE COSTS

	Three months ended 30 September 2018		Six months ended 30 September 2018	
	HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Overdraft interest	13	9	27	16

8. (LOSS) PROFIT BEFORE TAX

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
(Loss) profit for the period has been arrived at after charging:				
Auditor's remuneration	30	30	60	60
Exchange loss, net	-	-	40	-
Operating lease rental payments for rented premises	462	241	1,084	481

9. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Current tax:				
Hong Kong Profits tax	469	721	883	1,259

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits during the relevant periods.

10. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2018.

No dividend was declared or proposed during the six months ended 30 September 2017.

For the year ended 31 March 2016, HK\$4,000,000 final dividend has been declared on 29 March 2017 and fully paid by De Riva on 18 April 2017.

11. LOSS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss				
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	(528)	(2,647)	(736)	(2,249)
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	676,086,957	600,000,000	638,251,366	600,000,000

The weighted average number of ordinary shares in issue during the six months ended 30 September 2018 used in the calculation of basic loss per share is determined on the assumption that the 10,000 ordinary shares and the 599,990,000 ordinary shares issued upon the capitalisation issue and Reorganisation as described in the Prospectus had been in issue since 1 April 2018, and the weighted average of 200,000,000 ordinary shares issued upon share offer.

The weighted average number of ordinary shares in issue during the six months ended 30 September 2017 used in the calculation of basic loss per share is determined on the assumption that the 10,000 ordinary shares and the 599,990,000 ordinary shares issued upon the capitalisation issue and Reorganisation as described in the Prospectus had been in issue since 1 April 2017.

Diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the periods.

12. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 September 2018, the Group spent approximately HK\$2,455,000 (six months ended 30 September 2017: approximately HK\$14,000) on acquisition of property and equipment.

13. TRADE RECEIVABLES

The Group's trade receivables arose from business of dealing in securities and the futures contracts.

The Group allows an average credit period of 30 days to its trade receivables. Before accepting any new customer, the Group will assess the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory trustworthy credit history.

The following is an ageing analysis of trade receivables presented based on the invoice date.

	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
Within 30 days	4,986	7,227
31–60 days	3,709	5,671
61–90 days	3,557	3,054
91–120 days	1,753	1,240
Over 120 days	3,589	4,019
Total	17,594	21,211

14. SHARE CAPITAL

The Group

As the Reorganisation was not completed as at 31 March 2018, the share capital of the Group presented in the condensed combined financial statements as at 31 March 2018 represented the combined share capital of the Company and its subsidiaries.

The Company

	Notes	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 November 2017 (date of incorporation), 31 March 2018 and 1 April 2018	(a)	38,000,000	380,000
Increase during the period	(d)	4,962,000,000	49,620,000
At 30 September 2018		5,000,000,000	50,000,000
Issued and fully paid:			
At 1 November 2017 (date of incorporation)	(a)	1	–*
Issue of shares on 29 November 2017	(b)	4,999	50
At 31 March 2018 and 1 April 2018		5,000	50
Issue of shares upon Reorganisation	(c)	5,000	50
Capitalisation issue	(e)	599,990,000	5,999,900
Issue of shares upon share offer	(f)	200,000,000	2,000,000
At 30 September 2018		800,000,000	8,000,000

* The balance represents an amount less than HK\$500.

14. SHARE CAPITAL (Continued)

Notes:

- (a) The authorised share capital of the Company as of the date of its incorporation was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each, of which one nil-paid share was allotted and issued to the initial subscriber on the date of incorporation and was transferred to Mr. Choi Man Ho ("**Mr. Choi**") on the same day at nil consideration. On 29 November 2017, Mr. Choi transferred his one nil-paid share at par to Beyond Delta Limited ("**Beyond Delta**").
- (b) On 29 November 2017, the Company allotted and issued, credited as fully paid, (i) 3,450 shares to Oasis Green; (ii) 800 shares to Jolly Ocean Global Limited ("**Jolly Ocean**"); (iii) 450 shares to Dense Jungle Limited ("**Dense Jungle**"); and (iv) 299 shares to Beyond Delta.
- (c) On 3 August 2018, the Company acquired the entire issued share capital in DLS Capital Limited from Pacific Asset Limited, Santo Global Investments Limited, Mr. Ng Yu Fai and Mr. Choi, in consideration of the Company (i) allotting and issuing 3,450 shares, 800 shares, 450 shares and 300 shares of HK\$0.01 each (equivalent to HK\$50 in aggregate), all being credited as fully paid to Oasis Green, Jolly Ocean, Dense Jungle and Beyond Delta, respectively; and (ii) crediting as fully paid the nil-paid incorporation share registered in the name of Beyond Delta.
- (d) Pursuant to shareholders' written resolutions passed on 30 July 2018, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each by the creation of an additional 4,962,000,000 shares.
- (e) Pursuant to shareholders' written resolution passed on 30 July 2018, the directors of the Company were authorised to capitalise a sum of HK\$5,999,900 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 599,990,000 shares for allotment and issue to the then shareholders of the Company as at 3 August 2018 in proportion of their then respective shareholdings in the Company.
- (f) In connection with the Company's share offer and the listing, the Company issued 200,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.255 for a total consideration (before expenses) of HK\$51,000,000. Dealings of the Company's shares on GEM commenced on 27 August 2018.

15. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
Within one year	1,847	2,007
In the second to fifth year inclusive	2,617	3,540
	4,464	5,547

Leases are negotiated for an average of three years; and rentals are fixed.

16. RELATED PARTY TRANSACTIONS

Compensation to key management personnel

The remuneration of directors and other key management personnel of the Group during the period were as follows:

	Three months ended 30 September 2018 HK\$'000 (unaudited)		Six months ended 30 September 2018 HK\$'000 (unaudited)	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Short-term benefits	4,817	4,601	9,243	7,968
Post-employment benefits	23	23	45	41
Total	4,840	4,624	9,288	8,009

The remuneration of key management personnel of the Group is determined by the directors of the Company having regard to the performance of the individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is an interdealer broker in Hong Kong providing derivatives brokerage services to professional investors (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (the "Professional Investors") through its wholly-owned subsidiary, De Riva Asia Limited ("De Riva"), which is a licensed corporation under the SFO and a HKFE Exchange Participant. De Riva is licensed by the Securities and Futures Commission of Hong Kong (the "SFC") to carry out type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities in Hong Kong for Professional Investors without providing any margin financing services. Under the licensing condition, De Riva can only provide services to Professional Investors.

The principal business of the Group is derivatives brokerage, which involves matching and/or executing and settling derivatives trade orders for the customers. When the customers place a trade order, it usually involves a combination of futures and options and other derivatives products, which are typically viewed as a single product by the customers in the derivatives market. During the period under review, the Group derived all of the revenue from commission income for derivatives brokerage services provided to the customers.

For the six months ended 30 September 2018, the trade orders involved listed derivatives products which were either executed on the Hong Kong Exchanges and Clearing Limited (the "HKEx") or Singapore Exchange (the "SGX"), and non-listed derivatives products which were all executed over-the-counter ("OTC"). The Group has, through De Riva, entered into arrangements with a number of execution brokers to provide derivative services for SGX listed derivatives and HKEx listed single stock options as De Riva does not have the relevant trading rights. Hence, De Riva acted as an agent to arrange for and match up trade orders without providing any execution, settlement or clearing services, and trading parties are directly responsible for all risks involved in the OTC transactions.

For the six months ended 30 September 2018, the revenue was approximately HK\$34.9 million, representing an increase of approximately 9.4% when compared with the revenue of approximately HK\$31.9 million of the corresponding period in 2017.

FINANCIAL REVIEW

Revenue

The revenue increased from approximately HK\$31.9 million for the six months ended 30 September 2017 to approximately HK\$34.9 million for the six months ended 30 September 2018, representing a growth of approximately 9.4%. The increase was mainly due to the increase in trade volume.

The following table sets forth the revenue breakdown for the six months ended 30 September 2018, together with the comparative results for the corresponding period in 2017:

	For the six months ended 30 September			
	2018 (Unaudited)		2017 (Unaudited)	
	HK\$'000	%	HK\$'000	%
HKEx	27,656	79.2	25,575	80.3
SGX	4,895	14.0	4,650	14.6
OTC	2,390	6.8	1,641	5.1
TOTAL	34,941	100.0	31,866	100.0

Staff costs

Staff costs comprise salaries, provident fund contribution and other allowance. The staff cost increased from approximately HK\$16.5 million for the six months ended 30 September 2017 to approximately HK\$19.3 million for the six months ended 30 September 2018, representing a growth of approximately 17.0%. The increase was mainly due to employment of a senior management in June 2017 and a senior broker in October 2017. In addition, the increase was also attributable to the increase in bonus which was in line with the increase in revenue of the Group compared with the corresponding period in 2017.

Other operating expenses

The other operating expenses increased from approximately HK\$7.7 million for the six months ended 30 September 2017 to approximately HK\$10.2 million for the six months ended 30 September 2018, representing a growth of approximately 32.5%. The increase was mainly due to the increase in expenses on office rent, business entertainment expenses, legal and professional fee, repair and maintenance expenses and insurance expenses.

The office rent for the six months ended 30 September 2018 was approximately HK\$1.1 million, representing an increase of approximately HK\$619 thousand or 128.7% over the corresponding period of approximately HK\$481 thousand in 2017. It was mainly due to the reallocation of office in April 2018.

The business entertainment expenses for the six months ended 30 September 2018 was approximately HK\$1.5 million, representing an increase of approximately HK\$0.5 million or 50% over the corresponding period of approximately HK\$1.0 million in 2017. It was mainly due to the increase in number of traders and was in line with the increase in revenue during the six months ended 30 September 2018.

The legal and professional fee for the six months ended 30 September 2018 was approximately HK\$396 thousand, representing an increase of approximately HK\$390 thousand or 6,500% over the corresponding period of approximately HK\$6 thousand in 2017. It was mainly due to the professional fee for listing during the six months ended 30 September 2018.

The repair and maintenance expenses for the six months ended 30 September 2018 was approximately HK\$456 thousand, representing an increase of approximately HK\$333 thousand or 270.7% over the corresponding period of approximately HK\$123 thousand in 2017. It was due to the office reinstallation in April 2018.

The insurance expenses for the six months ended 30 September 2018 was approximately HK\$420 thousand, representing an increase of approximately HK\$190 thousand or 82.6% over the corresponding period of approximately HK\$230 thousand in 2017. It was mainly due to the increase in number of staff and improved insurance policy during the six months ended 30 September 2018.

Income tax expense

Income tax expense for the six months ended 30 September 2018 was approximately HK\$883 thousand. Such decrease was in line with the drop in net profit during the six months ended 30 September 2018 compared to the corresponding period of approximately HK\$1.3 million in 2017.

Profit for the period

The Group recorded a loss of approximately HK\$736 thousand for the six months ended 30 September 2018 (six months ended 30 September 2017: HK\$2.2 million), which was mainly due to the recognition of non-recurring listing expenses of approximately HK\$5.0 million for the six months ended 30 September 2018 (six months ended 30 September 2017: HK\$8.6 million). If the non-recurring listing expenses were excluded, the profit for the period ended 30 September 2018 would be adjusted to approximately HK\$4.3 million, mainly attributable to the increase in other operating expenses during the corresponding period as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 30 September 2018 (Unaudited) HK\$'000	As at 30 September 2018 (Unaudited) (Adjusted note v) HK\$'000	As at 31 March 2018 (Audited) HK\$'000	As at 31 March 2018 (Audited) (Adjusted note v) HK\$'000
Current Assets	89,508	89,508	53,596	53,596
Current Liabilities	7,709	7,709	13,351	13,351
Current Ratio (times) (Note i)	11.6	11.6	4.0	4.0
Interest Coverage (times) (Note ii)	6.4	193.1	206.3	485.5
Gearing Ratio (times) (Note iii)	N/A	N/A	1.7%	1.7%
Debt to equity ratio (Note iv)	Net cash	Net cash	Net cash	Net cash

Notes:

- (i) The calculation of current ratio is based on current assets divided by current liabilities.
- (ii) Interest coverage is based on profit before interest and finance cost.
- (iii) The calculation of gearing ratio is based on the total loans and borrowings divided by total equity.
- (iv) Debt to equity ratio is calculated by dividing net debt (total loans and borrowings net of cash and cash equivalent) by total equity and expressed in percentage.
- (v) The ratios are calculated by adjusted net profit from the non-recurring listing expenses incurred for the respective period/year. Adjusted net profit for the period/year represents the profit for the period/year excluding listing expenses. Adjusted net profit is not a measure of performance under HKFRS and accounting principle generally accepted in Hong Kong. The use of these non-HKFRS measures and has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the results of operations or financial condition as reported under HKFRS.

The Group recorded a current ratio of approximately 11.6 times as at 30 September 2018 (31 March 2018: 4.0 times), reflecting a sound financial strength of the Group.

As at 30 September 2018, the Group's cash and bank balances amounted to approximately HK\$62.0 million (31 March 2018: HK\$21.4 million). The Group recorded interest coverage of approximately 6.4 times (31 March 2018: 206.3 times). The adjusted interest coverage after excluding listing expenses would be approximately 193.1 times (31 March 2018: 485.5 times).

As at 30 September 2018, overall interest bearing liabilities of the Group are nil (31 March 2018: HK\$758 thousand), therefore the gearing ratio was not applicable to the Group (31 March 2018: 1.7%). The Group does not have any long term liabilities.

The Group recorded net cash positions as at 30 September 2018 and 31 March 2018 and therefore debt to equity ratio was not applicable.

ERROR EXPENSES AND FACILITATION EXPENSES

The Group's error expenses and facilitation expenses for the new error report filings for the six months ended 30 September 2018 (Note) are as follows:

	Error Expenses	Facilitation Expenses
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
April 2018	–	206
May 2018	75	96
June 2018	–	190
July 2018	–	126
August 2018	–	218
September 2018	–	195

Note: The new error report filing system was adopted with effect from 13 December 2017.

The error expenses of approximately HK\$75 thousand in May 2018 was attributable to a human input error of quoting different index reference of Hang Seng China Enterprise Index to different clients and 60 contracts of Hang Seng China Enterprise Index Futures were traded with different index point. Hence, a loss of approximately HK\$75 thousand was resulted from the error trade.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 September 2018. To manage liquidity risk, the Group monitors the liquidity position daily to ensure that the liquidity structure of the Group's assets, liabilities and other commitment can meet the funding and SFC regulatory requirement.

CAPITAL STRUCTURE

On 30 July 2018, the Company increased its authorised share capital to HK\$50 million divided into 5,000,000,000 ordinary shares of HK\$0.01 each.

The shares of the Company were subsequently listed on GEM of the Stock Exchange on 27 August 2018 (the "Listing Date"). There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises ordinary shares.

As at the date of this report, the Company's issued share capital was HK\$8 million divided into 800,000,000 ordinary shares of HK\$0.01 each.

OPERATING LEASE COMMITMENTS

The operating lease commitments of the Group were primarily related to the leases of its office premise. The Group's operating lease commitments amounted to approximately HK\$4.5 million as at 30 September 2018 (31 March 2018: approximately HK\$5.5 million).

CAPITAL COMMITMENTS

As at 30 September 2018 and 31 March 2018, the Group did not have any capital commitments.

SIGNIFICANT INVESTMENT

The Group did not acquire or hold any significant investment during the period under review.

EVENT AFTER THE REPORTING DATE

There was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after the six months ended 30 September 2018 and up to the date of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2018, the Group did not have other plans for material investments and capital assets save as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 14 August 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 September 2018, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

CONTINGENT LIABILITIES

As at 30 September 2018 and 31 March 2018, the Group did not have any material contingent liabilities.

EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

The Group's revenue generating operations are mainly transacted in HK\$ and US\$. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

PLEDGE OF ASSETS

As at 30 September 2018 and 31 March 2018, the Group did not pledge any of its assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had 28 staff (30 September 2017: 22) in total. The Group's remuneration policy is based on the duties, responsibilities, experiences, skills, time commitment, performance of the relevant director or member of senior management of the Group and are made with reference to those paid by comparable companies. The employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, the Group's profit as a whole and comparable market levels. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage, other allowances and benefits.

DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2018.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Company's prospectus dated 14 August 2018 with the Group's actual business progress for the period from the Listing Date to 30 September 2018 is set out below:

Objectives	Implementation plan	Actual business progress up to 30 September 2018
To use for office expansion plan	- To repay the loan used for payment of rental deposit and advances of the new office, decoration of new office and purchase of furniture and fixture, paying removal cost of existing equipment, reinstate our existing office, pay IT infrastructure cost, employing IT consultant and developing in-house software	- Approximately HK\$3.9 million was utilised for reallocation of office as planned. Due to lack of capital for improving IT hardware, software and infrastructure before listing on 27 August 2018, the related expenses of approximately HK\$2.1 million for improving such IT expenses will be deferred to November 2018.

USE OF PROCEEDS

The Company's shares were listed on GEM on 27 August 2018. The net proceeds from the initial public offering and placing of new shares of the Company were approximately HK\$27.3 million after deduction of listing related expenses.

Since the Listing Date and up to 30 September 2018, approximately HK\$3.9 million of the net proceeds has been utilised as follows:

	Actual net proceeds					Actual utilization	
	Up to 30 September 2018 HK\$'000	For the six months ending 31 March 2019 HK\$'000	For the six months ending 30 September 2019 HK\$'000	For the six months ending 31 March 2020 HK\$'000	For the six months ending 30 September 2020 HK\$'000	Total HK\$'000	Up to 30 September 2018 HK\$'000
To apply for becoming a Clearing Participant	-	-	11,040	480	480	12,000	-
To expand our OTC product coverage	-	1,104	1,897	2,128	2,128	7,257	-
To use for office expansion plan	6,028	-	-	-	-	6,028	3,874
To expand our licensed broker team	-	-	665	665	665	1,995	-
	6,028	1,104	13,602	3,273	3,273	27,280	3,874

All unutilised proceeds are deposited into interest-bearing bank accounts with licensed banks and/or financial institutions in Hong Kong.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

(A) Long position in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of shares involved	Approximate percentage* of shareholding in the Company
Mr. Yu Kwok Tung	Interest of controlled corporations	414,000,000 (Note 1)	51.75%
Mr. Ng Yu Fai	Interest of controlled corporation	54,000,000 (Note 2)	6.75%
Mr. Choi Man Ho	Interest of controlled corporation	36,000,000 (Note 3)	4.5%

Notes:

1. These shares are held by Oasis Green Ventures Limited, a company wholly owned by Pacific Asset Limited, which is in turn wholly owned by Mr. Yu Kwok Tung. By virtue of the SFO, Mr. Yu Kwok Tung and Pacific Asset Limited are deemed to be interested in these shares held by Oasis Green Ventures Limited.
 2. These shares are held by Dense Jungle Limited, which is wholly owned by Mr. Ng Yu Fai. By virtue of the SFO, Mr. Ng Yu Fai is deemed to be interested in these shares held by Dense Jungle Limited.
 3. These shares are held by Beyond Delta Limited, which is wholly owned by Mr. Choi Man Ho. By virtue of the SFO, Mr. Choi Man Ho is deemed to be interested in these shares held by Beyond Delta Limited.
- * The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 30 September 2018.

(B) Long position in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares involved	Approximate percentage* of shareholding in the respective associated corporation
Mr. Yu Kwok Tung	Pacific Asset Limited	Beneficial owner	1	100%
	Oasis Green Ventures Limited	Interest of controlled corporation	1	100%

Note: The relations between Mr. Yu Kwok Tung and the above associated corporations are set out in note 1 of part (A) of the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation". Oasis Green Ventures Limited holds more than 50% of the issued share capital of the Company, and Oasis Green Ventures Limited is wholly owned by Pacific Asset Limited. In this connection, Oasis Green Ventures Limited and Pacific Asset Limited are associated corporations of the Company within the meaning of Part XV of the SFO.

* The percentage represents the number of ordinary shares involved divided by the number of issued shares of the respective associated corporation of the Company as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, none of the Directors nor the chief executive of the Company had any interests and/or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial shareholders' interests and short positions in the shares and underlying shares of the Company

As at 30 September 2018, the following corporations or persons (other than a Director or chief executive of the Company) had interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in ordinary shares of the Company

Name of shareholder	Capacity/nature of interest	Number of shares involved	Approximate percentage* of shareholding in the Company
Oasis Green Ventures Limited	Beneficial owner	414,000,000 (Note 1)	51.75%
Pacific Asset Limited	Interest of controlled corporation	414,000,000 (Note 1)	51.75%
Ms. Yip Shui Chi Rowena	Interest of spouse	414,000,000 (Notes 1, 2)	51.75%
Jolly Ocean Global Limited	Beneficial owner	96,000,000 (Note 3)	12.0%
Santo Global Investments Limited	Interest of controlled corporation	96,000,000 (Note 3)	12.0%
Mr. Lau Ming Hong Henry	Interest of controlled corporation	96,000,000 (Note 3)	12.0%
Ms. Lo Ying	Interest of spouse	96,000,000 (Note 3)	12.0%
Dense Jungle Limited	Beneficial owner	54,000,000 (Note 4)	6.75%

Notes:

1. These interests are also disclosed as the interest of Mr. Yu Kwok Tung in the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation".
 2. Ms. Yip Shui Chi Rowena is the spouse of Mr. Yu Kwok Tung. By virtue of the SFO, Ms. Yip Shui Chi Rowena is taken to be interested in the same number of shares of the Company in which Mr. Yu Kwok Tung is interested.
 3. These shares are held by Jolly Ocean Global Limited, a company wholly owned by Santo Global Investments Limited, which is in turn wholly owned by Mr. Lau Ming Hong Henry. By virtue of the SFO, Mr. Lau Ming Hong Henry and Santo Global Investments Limited are deemed to be interested in these shares held by Jolly Ocean Global Limited. Ms. Lo Ying is the spouse of Mr. Lau Ming Hong Henry. By virtue of the SFO, Ms. Lo Ying is taken to be interested in the same number of shares of the Company in which Mr. Lau Ming Hong Henry is interested.
 4. These interests are also disclosed as the interest of Mr. Ng Yu Fai in the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation".
- * The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, other than the Directors and the chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, no person had interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

COMPETING AND CONFLICT OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2018.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during six months ended 30 September 2018.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Red Sun Capital Limited to be the compliance adviser. As notified by Red Sun Capital Limited, as at 30 September 2018, neither Red Sun Capital Limited, nor its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date up to 30 September 2018.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining high standard of corporate governance which is essential to the sustainable development and growth of the Company. Since its listing on the Stock Exchange on 27 August 2018, the Company has devoted efforts to put in place various policies and procedures in compliance with the principles and code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules and the Board is of the view that the Company has met such code provisions since the Listing Date.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding Directors' securities transactions in the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules and there was no event of non-compliance during the period from the Listing Date up to 30 September 2018.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 30 July 2018 (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to enable the Company to grant share options to the eligible participants as incentive or reward for their contribution to the Group to subscribe for the shares of the Company thereby linking their interest with that of the Group.

No share option has been granted by the Company under the Share Option Scheme since its adoption.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 30 July 2018 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The Audit Committee currently consists of three members, namely Mr. Or Kevin, Mr. Voon David Hian-fook and Mr. Wu Ping Lam Michael David, all being independent non-executive Directors. The primary duties of the Audit Committee are to review the Company’s financial information and reporting process, risk management and internal control systems, relationship with external auditors and arrangements for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The chairman of the Audit Committee is Mr. Or Kevin, who holds the appropriate professional qualifications. None of the members of the Audit Committee are former partners of the Company’s existing external auditors.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018.

By Order of the Board
DLC Asia Limited
Lau Ming Yeung, Lambert
Chairman

Hong Kong, 5 November 2018

As at the date of this report, the executive Directors are Mr. Lau Ming Yeung, Lambert, Mr. Choi Man Ho, Mr. Lee Tik Man, Dick, Mr. Fung Wai Yip, Patrick and Mr. Ng Yu Fai; the non-executive Director is Mr. Yu Kwok Tung; and the independent non-executive Directors are Mr. Voon David Hian-fook, Mr. Or Kevin and Mr. Wu Ping Lam Michael David.

This report will remain on the “Latest Company Announcements” page of the GEM website at “www.hkgem.com” for at least seven days from the date of its publication and on the Company’s website at “www.derivaasia.com”.