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DLC Asia Limited
衍匯亞洲有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8210)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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

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

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

*This announcement, for which the directors (the "**Directors**") 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

* *For identification purpose only*

INTERIM RESULTS

The board of Directors (the "**Board**") of the Company announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2019, together with the comparative unaudited figures for the corresponding period in 2018 as follows.

The unaudited condensed consolidated financial information for the six months ended 30 September 2019 has been reviewed by the Group's auditors, SHINEWING (HK) CPA Limited, 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2019

		Three months ended 30 September		**Six months ended 30 September**	
	NOTES	**2019**	2018	**2019**	2018
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Revenue	*5*	**13,483**	17,068	**27,788**	34,941
Other income and gains, net	*6*	**43**	89	**71**	17
Total revenue and other income		**13,526**	17,157	**27,859**	34,958
Depreciation		**(692)**	(147)	**(1,383)**	(262)
Staff costs		**(7,182)**	(9,851)	**(14,808)**	(19,264)
Listing expenses		**–**	(1,875)	**–**	(5,039)
Reversal of provision for ECL recognised on trade receivables		**33**	–	**33**	–
Other operating expenses		**(4,554)**	(5,330)	**(11,716)**	(10,219)
Finance costs	*7*	**(18)**	(13)	**(41)**	(27)
Profit (loss) before tax	*8*	**1,113**	(59)	**(56)**	147
Income tax expense	*9*	**(150)**	(469)	**(133)**	(883)
Profit (loss) and total comprehensive income (expense) for the period attributable to the owners of the Company		**963**	(528)	**(189)**	(736)
Earnings (loss) per share (HK cents) Basic and Diluted	*11*	**0.12**	(0.08)	**(0.02)**	(0.12)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	NOTES	**30 September 2019 *HK$'000* *(unaudited)***	31 March 2019 *HK$'000* *(audited)*
Non-current assets			
Property and equipment	*12*	**3,766**	4,240
Deposits		**567**	567
Deposits paid for acquisitions of property and equipment		**108**	–
Right-of-use assets	*12a*	**2,550**	–
Intangible assets		**1,000**	1,000
		7,991	5,807
Current assets			
Trade receivables	*13*	**11,217**	14,465
Prepayments, deposits and other receivables		**11,308**	10,240
Tax recoverable		**2,010**	2,199
Cash and cash equivalents		**60,305**	59,143
		84,840	86,047
Current liabilities			
Other payables and accruals		**3,432**	4,777
Lease liabilities	*12a*	**1,802**	–
		5,234	4,777
Net current assets		**79,606**	81,270
Non-current liabilities			
Lease liabilities	*12a*	**765**	–
Deferred tax liability		**380**	436
Net assets		**86,452**	86,641
Capital and reserves			
Share capital	*14*	**8,000**	8,000
Reserves		**78,452**	78,641
Total equity		**86,452**	86,641

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Attributable to the owners of the Company						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Shareholder's contribution reserve** *HK$'000*	**Shares held for the share award scheme** *HK$'000* *(Note (a))*	**Other reserve** *HK$'000* *(Note (b))*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 April 2019 (audited)	8,000	34,929	–	–	6,800	36,912	86,641
Contribution by a controlling shareholder to the share award scheme *(Notes (a))*	–	–	19,272	(19,272)	–	–	–
Loss and total comprehensive expense for the period	–	–	–	–	–	(189)	(189)
As at 30 September 2019 (unaudited)	8,000	34,929	19,272	(19,272)	6,800	36,723	86,452
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 the Reorganisation (as defined in note 2) *(Note 14(c))*	–*	–	–	–	–*	–	–*
Capitalisation issue *(Note 14(d))*	6,000	(6,000)	–	–	–	–	–
Issue of share upon share offer *(Note 14(e))*	2,000	49,000	–	–	–	–	51,000
Arising from the 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

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

Notes:

(a) On 10 April 2019, Oasis Green Ventures Limited ("**Oasis Green**"), a company indirectly wholly owned by Mr. Yu Kwok Tung ("**Mr. Yu**"), contributed 88,000,000 shares to the share pool under share award scheme at nil consideration to facilitate the issue of awarded shares as incentive to attract and retain eligible participants under the share award scheme adopted by the Company for the long term development of the Group. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the transfer, was HK$0.219 per share.

(b) 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 2019

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
OPERATING ACTIVITIES		
(Loss) profit before tax	**(56)**	147
Adjustments for:		
Depreciation of property and equipment	**483**	262
Depreciation of right-of-use assets	**900**	–
Written off of property and equipment	**–**	24
Reversal of provision for expected credit losses on trade receivables	**(33)**	–
Interest income	**(68)**	(17)
Interest paid on bank overdrafts	**1**	27
Interest element of lease rentals paid	**40**	–
Operating cash flows before movements in working capital	**1,267**	443
Decrease in trade receivables	**3,281**	3,617
(Increase) decrease in prepayments, deposits and other receivables	**(1,068)**	1,113
Decrease in other payables and accruals	**(1,345)**	(5,767)
Cash generated from (used in) operations	**2,135**	(594)
Interest paid on bank overdrafts	**(1)**	(27)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**2,134**	(621)
INVESTING ACTIVITIES		
Deposits paid for acquisitions of property and equipment	**(108)**	–
Purchase of property and equipment	**(9)**	(925)
Interest received	**68**	17
NET CASH USED IN INVESTING ACTIVITIES	**(49)**	(908)
FINANCING ACTIVITIES		
Proceeds from issue of shares	**–**	51,000
Transaction costs in connection with the issue of shares upon share offer	**–**	(8,071)
Payment of lease liabilities	**(883)**	–
Interest element of lease rentals paid	**(40)**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(923)**	42,929
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,162**	41,400
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**59,143**	20,603
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, represented by cash and cash equivalents	**60,305**	62,003

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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, a company with limited liability incorporated in the British Virgin Islands. Its ultimate beneficial owner is Mr. Yu.

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, 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 "**Reorganisation**"), 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, 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.

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. 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 2019 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 of Hong Kong Limited (the "**GEM Listing Rules**") and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2019:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The adoption of HKFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out in note 4 below. The application of other new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 4. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

The major impacts of the adoption of HKFRS 16 on the Group's condensed consolidated financial statements are described below.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 2.6%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The following table summarises the impact on transition to HKFRS 16 on retained earnings at 1 April 2019:

	Note	**Carrying amount previously reported at 31 March 2019**	**Impact on adoption of HKFRS 16**	**Carrying amount as restated at 1 April 2019**
		HK$'000	*HK$'000*	*HK$'000*
Right-of-use assets	*(a)*	–	3,450	3,450
Lease liabilities	*(a)*	–	3,450	3,450

Note:

(a) As at 1 April 2019, right-of-use assets were measured at an amount of approximately HK$3,450,000 and lease liabilities were measured at an amount of approximately HK3,450,000. The adoption of HKFRS 16 has had no material impact on the retained earnings of the Group.

Differences between operating lease commitment as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 April 2019 are as follow:

	HK$'000
Operating lease commitment disclosed as at 31 March 2019	3,540
Discounted using the applicable incremental borrowing rate at the date of initial application	(90)
Lease liabilities recognised as at 1 April 2019	3,450

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- Not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease;

- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

4. CHANGE IN ACCOUNTING POLICIES

Leases

Definition of a lease

Under HKFR 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the condensed consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

<u>Right-of-use assets</u>

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 “Provision, Contingent Liabilities and Contingent Assets”. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property and equipment” policy as stated in the Group’s annual consolidated financial statements for the year ended 31 March 2019.

<u>Lease modification</u>

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

<u>Allocation of consideration to components of a contract</u>

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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		Six months ended 30 September	
	2019	2018	**2019**	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	**13,483**	17,068	**27,788**	34,941

All revenue are recognised at a point in time during the six months ended 30 September 2019 and 2018.

Segment Information

The Group identified operating segments 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 service provided. During the six months ended 30 September 2019 and 2018, 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.

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		Six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Customer A	**N/A***	1,760	**N/A***	3,712
Customer B	**1,475**	N/A*	**N/A***	N/A*
Customer C	**1,817**	2,075	**3,647**	5,616

* 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		Six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Bank interest income	**34**	13	**68**	17
Other income	**–**	–	**3**	–
Exchange gain, net	**9**	76	**–**	–
	43	89	**71**	17

7. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Interest expense on:				
Bank overdrafts	**–**	13	**1**	27
Lease liabilities	**18**	–	**40**	–
	18	13	**41**	27

8. PROFIT (LOSS) BEFORE TAX

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Profit (loss) for the period has been arrived at after charging (crediting):				
Auditor's remuneration	**185**	30	**240**	60
Exchange (gain) loss, net	**(9)**	(76)	**52**	40
Operating lease rental payments for rented premises	**–**	462	**–**	1,084
Depreciation of property and equipment	**242**	147	**483**	262
Depreciation of right-of-use assets	**450**	–	**900**	–
Error and facilitation expenses	**504**	539	**3,667**	1,105

9. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Current tax:				
Hong Kong Profits tax	**189**	469	**189**	883
Deferred tax:	**(39)**	–	**(56)**	–
	150	469	**133**	883

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

10. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (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	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Earnings (loss)				
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share for the period attributable to the owners of the Company	**963**	(528)	**(189)**	(736)
	2019	2018	**2019**	2018
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**800,000,000**	676,086,957	**800,000,000**	638,251,366

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.

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

12. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 September 2019, the Group used approximately HK$9,000 (six months ended 30 September 2018: approximately HK$2,455,000) on acquisition of property and equipment.

12a. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

Upon adoption of HKFRS 16, on 1 April 2019, the Group recognised right-of-use assets of approximately HK$3,450,000 in respect of the leased property. As at 30 September 2019, the carrying amounts of right-of-use assets were approximately HK$2,550,000 in respect of the leased property.

(ii) Lease liabilities

Upon adoption of HKFRS 16, on 1 April 2019, the Group recognised total lease liabilities of approximately HK$3,450,000. As at 30 September 2019, the carrying amount of total lease liabilities was approximately HK$2,567,000.

(iii) Amounts recognised in profit or loss

	For the three months ended 30 September 2019	**For the six months ended 30 September 2019**
	HK$'000	***HK$'000***
Depreciation of right-of-use assets	450	900
Interest element of lease rentals paid	18	40
	468	940

(iv) Others

The total cash outflow for leases including interest element of lease rentals paid and payment of lease liabilities approximately amount to HK$923,000.

13. TRADE RECEIVABLES

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Trade receivables	**11,257**	14,538
Less: Loss allowance for trade receivables	**(40)**	(73)
	11,217	14,465

The Group's trade receivables arose from business of dealing in securities and the futures contracts during the six months ended 30 September 2019 and the year ended 31 March 2019.

As at 30 September 2019, the gross amount of trade receivables arising from contracts with customer amounted to approximately HK$11,257,000 (31 March 2019: HK$14,538,000).

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 limits are made to customers with a satisfactory trustworthy credit history.

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

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Within 30 days	**3,659**	5,958
31–60 days	**3,808**	3,212
61–90 days	**1,861**	1,724
91–120 days	**700**	1,029
Over 120 days	**1,229**	2,615
	11,257	14,538

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("**ECL**"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

For the period ended 30 September 2019

	Weighted average expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	***HK$'000***	***HK$'000***
Current (not past due)	–	3,659	–
Within 30 days	0.03	3,808	1
31-60 days	0.16	1,861	3
61-90 days	1.14	700	8
Over 90 days	2.28	1,229	28
		11,257	40

For the year ended 31 March 2019

	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*HK$'000*	*HK$'000*
Current (not past due)	–	5,958	–
Within 30 days	0.03	3,212	1
31-60 days	0.05	1,724	1
61-90 days	0.26	1,029	3
Over 90 days	2.60	2,615	68
		14,538	73

Movement in the loss allowance:

	30 September 2019 HK$'000	31 March 2019 HK$'000
Balance at the beginning of the period/year	**73**	–
Provision for ECL recognised on trade receivables	**–**	73
Reversal of provision for ECL recognised on trade receivables	**(33)**	–
Balance at the end of the period/year	**40**	73

14. SHARE CAPITAL

The Group

As the Reorganisation was not completed as at 1 April 2018, the share capital of the Group presented in the condensed combined financial statements as at 1 April 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 April 2018	*(a)*	38,000,000	380,000
Increase during the period	*(b)*	4,962,000,000	49,620,000
At 31 March 2019 and 30 September 2019		5,000,000,000	50,000,000
Issued and fully paid:			
At 1 April 2018		5,000	50
Issue of shares upon Reorganisation	*(c)*	5,000	50
Capitalisation issue	*(d)*	599,990,000	5,999,900
Issue of shares upon share offer	*(e)*	200,000,000	2,000,000
At 31 March 2019 and 30 September 2019		800,000,000	8,000,000

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) 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.

(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 allotting and issuing 3,450 shares, 800 shares, 450 shares and 300 shares at par of HK$0.01 each (equivalent to HK$50 in aggregate), all being credited as fully paid to Oasis Green, Jolly Ocean Global Limited, Dense Jungle Limited and Beyond Delta, respectively.

(d) 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.

(e) 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 LEASE COMMITMENTS

The Group as lessee

As at 30 September 2019 and 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Within one year	N/A	1,847
In the second to fifth year inclusive	N/A	1,693
	N/A	3,540

Leases are negotiated for an average of three years; and rentals are fixed. The amounts as at 30 September 2019 were recognised under HKFRS 16.

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 follow:

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Short-term benefits	**2,832**	4,817	**5,321**	9,243
Post-employment benefits	**23**	23	**45**	45
Total	**2,855**	4,840	**5,366**	9,288

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 the 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, 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 2019, 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 2019, the revenue was approximately HK$27.8 million, representing a decrease of approximately 20.3% when compared with the revenue of approximately HK$34.9 million of the corresponding period in 2018.

FINANCIAL REVIEW

Revenue

The revenue decreased from approximately HK$34.9 million for the six months ended 30 September 2018 to approximately HK$27.8 million for the six months ended 30 September 2019, representing a drop of approximately 20.3%. The decrease was mainly due to the decrease in trade volume.

The following table sets forth the revenue breakdown for the six months ended 30 September 2019, together with the comparative results for the corresponding period in 2018:

	For the six months ended 30 September			
	2019		2018	
	(Unaudited)		*(Unaudited)*	
	HK$'000	*%*	*HK$'000*	*%*
HKEx	21,287	76.6	27,656	79.2
SGX	3,271	11.8	4,895	14.0
OTC	3,230	11.6	2,390	6.8
TOTAL	27,788	100.0	34,941	100.0

Staff costs

Staff costs comprise salaries, provident fund contribution and other allowance. The staff costs decreased from approximately HK$19.3 million for the six months ended 30 September 2018 to approximately HK$14.8 million for the six months ended 30 September 2019, representing a drop of approximately 23.3%. The decrease was mainly attributable to the decrease in bonus which was in line with the decrease in revenue of the Group and netting off by the increase in number of staff compared with the corresponding period in 2018.

Other operating expenses

The other operating expenses increased from approximately HK$10.2 million for the six months ended 30 September 2018 to approximately HK$11.7 million for the six months ended 30 September 2019, representing a growth of approximately 14.7%. The increase was mainly due to the increase in error expenses and legal and professional fee and netting off by the decrease in repair and maintenance expenses and clearing fees.

The error expenses for the six months ended 30 September 2019 was approximately HK$3.7 million, representing an increase of approximately HK$2.6 million or 236.4% over the corresponding period of approximately HK$1.1 million in 2018. It was due to the one-off incident on 21 May 2019, where De Riva, an indirect wholly owned subsidiary of the Company, recorded a material human error trade resulting a loss of approximately HK$2.7 million. The error trade was resulted from the unfamiliarity of the execution broker in using the new system imposed by the Hong Kong Futures Exchange Limited.

The legal and professional fee for the six months ended 30 September 2019 was approximately HK$1.0 million, while the expense for the corresponding period in 2018 was approximately HK$396 thousand. The increase was due to the professional fee for ongoing professional services rendered after the listing of the issued shares of the Company on GEM of the Stock Exchange on 27 August 2018.

The repair and maintenance expenses for the six months ended 30 September 2019 was approximately HK$58 thousand, representing a decrease of approximately HK$398 thousand or 87.3% over the corresponding period of approximately HK$456 thousand in 2018. It was mainly due to the office removal in 2018.

The clearing fees for the six months ended 30 September 2019 was approximately HK$2.1 million, representing a decrease of approximately HK$0.5 million or 19.2% over the corresponding period of approximately HK$2.6 million in 2018. Such decrease was in line with the drop of revenue during the six months ended 30 September 2019.

Income tax expense

Income tax expense for the six months ended 30 September 2019 was approximately HK$133 thousand, while the income tax expense of the corresponding period in 2018 was approximately HK$883 thousand. Such decrease was in line with the drop of net profit before tax during the six months ended 30 September 2019.

Loss for the period

The Group recorded a loss of approximately HK$189 thousand for the six months ended 30 September 2019 (six months ended 30 September 2018: HK$736 thousand). By excluding the one-off listing expenses of approximately HK$5.0 million for the six months ended 30 September 2018, the loss for the period ended 30 September 2019 would be adjusted to loss of approximately HK$189 thousand (six months ended 30 September 2018: profit of HK$4.3 million). The increase in loss was mainly due to the decrease in revenue, increase in other operating expenses netting off by the decrease in staff costs during the six months ended 30 September 2019 as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 30 September 2019 *(Unaudited)* *HK$'000*	**As at 30 September 2019** *(Unaudited)* *(Adjusted note v)* *HK$'000*	**As at 31 March 2019** *(Audited)* *HK$'000*	**As at 31 March 2019** *(Audited)* *(Adjusted note v)* *HK$'000*
Current Assets	84,840	84,840	86,047	86,047
Current Liabilities	5,234	5,234	4,777	4,777
Current Ratio (times) *(Note i)*	16.2	16.2	18.0	18.0
Interest Coverage (times) *(Note ii)*	N/A	N/A	44.3	211.9
Gearing Ratio (times) *(Note iii)*	N/A	N/A	N/A	N/A
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 for the period/year.

(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 16.2 times as at 30 September 2019 (31 March 2019: 18.0 times), reflecting the financial competence of the Group.

As at 30 September 2019, the Group's cash and bank balances amounted to approximately HK$60.3 million (as at 31 March 2019: HK$59.1 million). The Group interest coverage was not applicable for 30 September 2019 (as at 31 March 2019: 44.3 times). The adjusted interest coverage after excluding listing expenses was not applicable for 30 September 2019 (as at 31 March 2019: 211.9 times). The Group has sufficient resources to satisfy its working capital and sustain its business.

As at 30 September 2019, overall interest bearing liabilities of the Group are nil (as at 31 March 2019: nil), therefore the gearing ratio was not applicable to the Group. The Group does not have any long term liabilities.

The Group recorded net positions as at 30 September 2019 and 31 March 2019 respectively and therefore debt to equity ratio analysis was not applicable.

ERROR EXPENSES AND FACILITATION EXPENSES

The Group's error expenses and facilitation expenses for the new error report filings are as follows:

	Error Expenses *HK$'000* *(Unaudited)*	**Facilitation Expenses** *HK$'000* *(Unaudited)*
April 2019	–	198
May 2019	2,673	148
June 2019	–	144
July 2019	–	100
August 2019	–	260
September 2019	–	144

Note: The new error report filings were put into practice on 13 December 2017.

The error trades are generally resulted from unintentional human errors and the daily business operations are closely monitored by the management team.

On 21 May 2019, the Group recorded a material human error trade resulting a loss of approximately HK$2.7 million. The error trade was resulted from the unfamiliarity of the execution broker in using the new system imposed by the Hong Kong Futures Exchange Limited. Additional trainings were and will be provided by the Group to familiarise its staff with the new system and facilitate the implementation of the new system by the Group going forward. The Board has cautioned the execution broker and may consider imposing disciplinary action against the execution broker, which may include the forfeiture of a part or whole of the year-end bonus of the execution broker.

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 2019. 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 the Company (the "**Shares**") of HK$0.01 each.

The Shares were subsequently listed on GEM of the Stock Exchange on 27 August 2018. 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 results announcement, the Company's issued share capital was HK$8 million divided into 800,000,000 ordinary Shares of HK$0.01 each.

CAPITAL COMMITMENTS

As at 30 September 2019 and 30 September 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 2019 and up to the date of this results announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2019, 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 September 2019, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

CONTINGENT LIABILITIES

As at 30 September 2019 and 30 September 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 to be minimal.

PLEDGE OF ASSETS

As at 30 September 2019 and 30 September 2018, the Group did not pledge any of its assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group had 33 staff (as at 30 September 2018: 28) 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 2019.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the listing date of the Company (the "**Listing Date**") to 30 September 2019 is set out below:

Objectives	**Implementation plan**	**Actual business progress up to 30 September 2019**
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$5.4 million of the net proceeds has been utilised for office expansion plan
To introduce Eurex MSCI derivatives products	– To employ two senior licensed brokers and one junior licensed broker for the business development of OTC Eurex MSCI derivatives market	– Approximately HK$1.5 million of the net proceeds has been utilised for employing one senior licensed broker for the development of OTC Eurex MSCI derivatives market

Objectives	Implementation plan	Actual business progress up to 30 September 2019
To apply for becoming a Clearing Participant	– To fulfill the liquid capital deposit requirement, fulfill the capital requirement for being a futures Clearing Participant, fulfill the capital requirement for being a stock options Clearing Participant, fulfill the cash flow requirement, employ two operation officers, one software engineer and one external expert	– Approximately HK$80 thousand of net proceeds has been utilised for employing one operation officer
To introduce OTC KOSPI 200 derivatives products	– To employ one senior licensed broker for the business development of OTC KOSPI 200 derivatives market	– Approximately HK$42 thousand of net proceeds has been utilised for employing one junior broker for business development of KOSPI 200 derivatives market
To enhance the business development of HKEx segment	– To employ one senior licensed broker for replacement of one junior licensed broker in HKEx segment	– Approximately HK$375 thousand of net proceeds has been utilised for employing one senior broker for HKEx segment

USE OF PROCEEDS

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

Since the Listing Date and up to 30 September 2019, approximately HK$7.4 million of the net proceeds has been utilised as follows:

	Planned use of net proceeds						Actual use of net proceeds
	Up to 30 September 2018	For the six months ended 31 March 2019	For the six months ended 30 September 2019	For the six months ending 31 March 2020	For the six months ending 30 September 2020	Total	Up to 30 September 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
To apply for becoming a Clearing Participant	–	–	11,040	480	480	12,000	80
To expand our OTC product coverage	–	1,104	1,897	2,128	2,128	7,257	1,482
To use for office expansion plan	6,028	–	–	–	–	6,028	5,448
To expand our licensed broker team	–	–	665	665	665	1,995	375
	6,028	1,104	13,602	3,273	3,273	27,280	7,385

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 2019, 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 issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in ordinary Shares

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	278,000,000 *(Note 1)*	34.75%
	Interest of spouse	16,000,000 *(Note 2)*	2.00%
		294,000,000	36.75%
Mr. Ng Yu Fai	Interest of controlled corporation	54,000,000 *(Note 3)*	6.75%
Mr. Choi Man Ho	Interest of controlled corporation	36,000,000 *(Note 4)*	4.50%
Mr. Lau Ming Yeung, Lambert	Interest of controlled corporation	32,000,000 *(Note 5)*	4.00%

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 Ms. Yip Shui Chi Rowena, the spouse of Mr. Yu Kwok Tung. By virtue of the SFO, Mr. Yu Kwok Tung is taken to be interested in the same number of Shares in which Ms. Yip Shui Chi Rowena is interested.

3. 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.

4. 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.

5. These Shares are held by Ocean Lead Holdings Limited, which is wholly owned by Mr. Lau Ming Yeung, Lambert. By virtue of the SFO, Mr. Lau Ming Yeung, Lambert is deemed to be interested in these Shares held by Ocean Lead Holdings Limited.

\+ The percentage represents the number of ordinary Shares involved divided by the number of issued Shares of the Company as at 30 September 2019.

Save as disclosed above, as at 30 September 2019, neither 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 issuers as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial shareholders' interests and short positions in the Shares and underlying Shares

As at 30 September 2019, 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in ordinary Shares

Name of shareholder	Capacity/nature of interest	Number of Shares involved	Approximate percentage+ of shareholding in the Company
Oasis Green Ventures Limited	Beneficial owner	278,000,000 *(Note 1)*	34.75%
Pacific Asset Limited	Interest of controlled corporation	278,000,000 *(Note 1)*	34.75%
Ms. Yip Shui Chi Rowena	Interest of spouse	278,000,000 *(Notes 1, 2)*	34.75%
	Beneficial owner	16,000,000	2.00%
		294,000,000	36.75%
Jolly Ocean Global Limited	Beneficial owner	96,000,000 *(Note 3)*	12.00%
Santo Global Investments Limited	Interest of controlled corporation	96,000,000 *(Note 3)*	12.00%
Mr. Lau Ming Hong Henry	Interest of controlled corporations	96,000,000 *(Note 3)*	12.00%
Ms. Lo Ying	Interest of spouse	96,000,000 *(Note 3)*	12.00%
Bank of East Asia (Trustees) Limited	Trustee	88,000,000 *(Note 4)*	11.00%
Dense Jungle Limited	Beneficial owner	54,000,000 *(Note 5)*	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 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 in which Mr. Lau Ming Hong Henry is interested.

4. These Shares are held by Bank of East Asia (Trustees) Limited as trustee of the share award scheme adopted by the Company on 4 April 2019. By virtue of the SFO, Bank of East Asia (Trustees) Limited is deemed to be interested in 88,000,000 Shares.

5. 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 as at 30 September 2019.

Save as disclosed above, as at 30 September 2019, 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 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 2019.

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 conflicts of interest with the Group during the six months ended 30 September 2019.

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 2019, 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 six months ended 30 September 2019.

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. 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 during the six months ended 30 September 2019.

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 six months ended 30 September 2019.

UPDATE ON DIRECTOR'S INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of Director is set out as follows:

Mr. Yu Kwok Tung has been appointed as a director of Pacific Conquest Holdings Inc (shares of which are traded at OTC Market in the United States of America; stock code: PCHK) with effect from 31 May 2019.

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 thereby linking their interest with that of the Group.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 80,000,000 Shares, representing 10% of the total issued share capital of the Company as at the date of this results announcement.

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

SHARE AWARD SCHEME

The Company adopted a share award scheme on 4 April 2019 (the "**Share Award Scheme**"). The purpose of the Share Award Scheme is to recognise and reward the contribution of eligible participants to the growth and development of the Group, to give incentives to eligible participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be subject to administration of the Board and the trustee in accordance with the rules of the Share Award Scheme and the trust deed. Given that the Share Award Scheme does not involve the grant of options over any new Shares, it does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 23 of the GEM Listing Rules. No shareholders' approval was required for the adoption of the Share Award Scheme.

No share award has been granted by the Company under the Share Award 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 2019.

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

Hong Kong, 30 October 2019

As at the date of this announcement, 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 announcement 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".