



**DLCASIA**

**DLC ASIA LIMITED**  
**衍匯亞洲有限公司\***

(incorporated in the Cayman Islands with limited liability)

Stock code : 8210

INTERIM REPORT  
**2020**

\* For identification purpose only

## **CHARACTERISTICS OF GEM (“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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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	26

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

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

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

Mr. NG Yu Fai

Mr. SHIU Kam Man

#### 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

Mr. WONG Tin Yu, *ACS, ACIS*

### COMPLIANCE OFFICER

Mr. CHOI Man Ho

### 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

8 Fleming Road, Wanchoi

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 54, Hopewell Centre

183 Queen's Road East, Hong Kong

### PRINCIPAL BANK

The Hongkong and Shanghai Banking

Corporation Limited

### STOCK CODE

8210.HK

### WEBSITE

[www.derivaasia.com](http://www.derivaasia.com)



SHINEWING (HK) CPA Limited  
43/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

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

*(A company incorporated in the Cayman Islands with limited liability)*

### **Introduction**

We have reviewed the condensed consolidated financial statements of DLC Asia Limited (the "Company") and its subsidiaries (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 2020 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. The GEM Listing Rules Governing the Listing of Securities on GEM of 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 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 HKICPA. 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.

We draw attention to the fact that the condensed consolidated statement of profit or loss and other comprehensive income for each of the three month periods ended 30 September 2020 and 30 September 2019 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

### **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Chui Yiu Cheong**

Practising Certificate Number: P07219

Hong Kong  
30 October 2020

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2020

	Notes	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	<b>13,987</b>	13,483	<b>31,040</b>	27,788
Other income and gains, net	5	<b>64</b>	43	<b>892</b>	71
Total revenue and other income		<b>14,051</b>	13,526	<b>31,932</b>	27,859
Depreciation		<b>(696)</b>	(692)	<b>(1,391)</b>	(1,383)
Staff costs		<b>(9,214)</b>	(7,182)	<b>(22,599)</b>	(14,808)
Reversal of provision for expected credit losses on trade receivables		<b>15</b>	33	<b>15</b>	33
Other operating expenses		<b>(4,048)</b>	(4,554)	<b>(8,668)</b>	(11,716)
Finance costs	6	<b>(23)</b>	(18)	<b>(58)</b>	(41)
Profit (loss) before tax	7	<b>85</b>	1,113	<b>(769)</b>	(56)
Income tax expense	8	<b>(79)</b>	(150)	<b>(103)</b>	(133)
Profit (loss) and total comprehensive income (expense) for the period attributable to the owners of the Company		<b>6</b>	963	<b>(872)</b>	(189)
Earnings (loss) per share (HK cents)					
Basic and diluted	10	<b>0.00</b>	0.14	<b>(0.12)</b>	(0.03)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
<b>Non-current assets</b>			
Property and equipment	11	2,918	3,329
Right-of-use assets	12	750	1,650
Intangible assets		1,000	1,000
Deposits paid for acquisitions of property and equipment		418	228
		<b>5,086</b>	6,207
<b>Current assets</b>			
Trade receivables	13	11,743	14,736
Prepayments, deposits and other receivables		12,108	16,490
Tax recoverable		162	437
Cash and cash equivalents		64,961	56,582
		<b>88,974</b>	88,245
<b>Current liabilities</b>			
Other payables and accruals		3,304	6,288
Lease liabilities	12	765	1,671
		<b>4,069</b>	7,959
<b>Net current assets</b>		<b>84,905</b>	80,286
<b>Non-current liability</b>			
Deferred tax liability		260	309
<b>Net assets</b>		<b>89,731</b>	86,184
<b>Capital and reserves</b>			
Share capital	14	8,000	8,000
Reserves		81,731	78,184
<b>Total equity</b>		<b>89,731</b>	86,184

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

### Attributable to the owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Shareholder's contribution reserve HK\$'000	Shares held	Share-based	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
				for the share award scheme HK\$'000 (Note (a))	payment reserve HK\$'000 (Note (b))			
At 1 April 2020 (audited)	8,000	34,929	19,272	(19,272)	-	6,800	36,455	86,184
Equity-settled share-based compensation expenses	-	-	-	-	4,419	-	-	4,419
Issue of shares under the share award scheme	-	(3,994)	-	5,792	(1,798)	-	-	-
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(872)	(872)
As at 30 September 2020 (unaudited)	8,000	30,935	19,272	(13,480)	2,621	6,800	35,583	89,731
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 (Note (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

#### Notes:

- (a) On 10 April 2019, Oasis Green Ventures Limited ("**Oasis Green**"), the immediate holding company and a company wholly owned by Mr. Yu Kwok Tung ("**Mr. Yu**"), who was also non-executive director of the Company until 1 June 2020, contributed 88,000,000 shares to the share pool maintained by the trustee under share award scheme at nil consideration 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.

During the six months ended 30 September 2020, 26,448,000 shares have been vested under the share award scheme.

- (b) It represents the portion of the grant date fair value of the shares granted to the directors and employees of the Company and its subsidiaries under the share award scheme that has been recognised in accordance with the accounting policy adopted for equity-settled share-based payment transaction.
- (c) 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 (as defined in the prospectus of the Company dated 14 August 2018).



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>		
Loss before tax	<b>(769)</b>	(56)
Adjustments for:		
Depreciation of property and equipment	<b>491</b>	483
Depreciation of right-of-use assets	<b>900</b>	900
Reversal of provision for expected credit losses on trade receivables	<b>(15)</b>	(33)
Interest income	<b>(5)</b>	(68)
Interest expense on overdrafts	<b>41</b>	1
Interest expense on lease liabilities	<b>17</b>	40
Equity-settled share-based compensation expense	<b>4,419</b>	-
Operating cash flows before movements in working capital	<b>5,079</b>	1,267
Decrease in trade receivables	<b>3,008</b>	3,281
Decrease (increase) in prepayments, deposits and other receivables	<b>4,382</b>	(1,068)
Decrease in other payables and accruals	<b>(2,984)</b>	(1,345)
Cash generated from operations	<b>9,485</b>	2,135
Interest expense on overdrafts	<b>(41)</b>	(1)
Hong Kong Profits Tax refunded	<b>123</b>	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>9,567</b>	2,134
<b>INVESTING ACTIVITIES</b>		
Deposits paid for acquisitions of property and equipment	<b>(190)</b>	(108)
Purchase of property and equipment	<b>(80)</b>	(9)
Interest received	<b>5</b>	68
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(265)</b>	(49)
<b>FINANCING ACTIVITIES</b>		
Payment of lease liabilities	<b>(906)</b>	(883)
Interest expense on lease liabilities	<b>(17)</b>	(40)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(923)</b>	(923)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,379</b>	1,162
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>56,582</b>	59,143
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, represented by cash and cash equivalents</b>	<b>64,961</b>	60,305

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

## 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 (the "**Stock Exchange**") 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

The condensed consolidated financial statements of the Group for the six months ended 30 September 2020 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 2020 except as described below.

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("**HKFRS**") and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS and the 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.

#### 4. 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>				
Commission income from dealing in securities and futures contracts as a futures non-clearing broker	<b>13,987</b>	13,483	<b>31,040</b>	27,788

All revenue are recognised at a point in time during the six months ended 30 September 2020 and 2019.

##### 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 2020 and 2019, 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Customer A	<b>N/A*</b>	1,817	<b>3,142</b>	3,647
Customer B	<b>N/A*</b>	N/A*	<b>3,106</b>	N/A*
Customer C	<b>1,550</b>	N/A*	<b>N/A*</b>	N/A*
Customer D	<b>N/A*</b>	1,475	<b>N/A*</b>	N/A*

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

## 5. OTHER INCOME AND GAINS, NET

	Three months ended 30 September		Six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	-	34	5	68
Government subsidies (note)	-	-	767	-
Other income	-	-	-	3
Exchange gain, net	64	9	120	-
	<b>64</b>	43	<b>892</b>	71

Note: Government subsidies are cash subsidies granted by The Government of the Hong Kong Special Administrative Region under Anti-Epidemic Fund amounting to HK\$50,000 from the Subsidy Scheme for Security Industry granted to each licensed corporation and approximately HK\$717,000 from the Employment Support Scheme which subsidised 50% of the wages paid to each staff, subject to maximum of HK\$9,000 for each staff respectively. The Group has complied with all attached conditions during the period ended 30 September 2020 and recognised the amounts in profit or loss in "other income and gains, net"

## 6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest expense on:				
Overdrafts	16	-	41	1
Lease liabilities	7	18	17	40
	<b>23</b>	18	<b>58</b>	41

## 7. PROFIT (LOSS) BEFORE TAX

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	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	180	185	230	240
Exchange loss	-	-	-	52
Depreciation of property and equipment	246	242	491	483
Depreciation of right-of-use assets	450	450	900	900
Error and facilitation expenses	299	504	828	3,667

## 8. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong:				
Current tax for the period	111	189	152	189
Deferred tax:	(32)	(39)	(49)	(56)
	79	150	103	133

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. For the period ended 30 September 2020 and 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

## 9. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 September 2020 (six months ended 30 September 2019: nil).

## 10. EARNINGS (LOSS) PER SHARE

Basic and diluted loss per share amount are calculated by dividing the loss for the six months ended 30 September 2020 attributable to the owners of the Company of approximately HK\$872,000 by the weighted average number of ordinary shares in issue of 728,054,514 during the period, excluding shares held under the Company's share award scheme.

The calculation of diluted loss per share does not assume the deemed issue of shares under the share award scheme since it would result in a decrease in loss per share for the six months ended 30 September 2020.

Basic earnings per share amount are calculated by dividing the profit for the three months ended 30 September 2020 attributable to the owners of the Company of approximately HK\$6,000 by the weighted average number of ordinary shares in issue of 737,391,043 during the period, excluding shares held under the Company's share award scheme.

Diluted earnings per share amount are calculated by dividing the profit for the three months ended 30 September 2020 attributable to the owners of the Company of approximately HK\$6,000 by the weighted average number of ordinary shares for the purpose of dilutive earnings per share of 786,560,000, which was adjusted by the effect of dilutive potential ordinary shares of 49,168,957 from deemed issue of shares under the Company's share award scheme for nil consideration.

Basic and diluted (loss)/earnings per share amount are calculated by dividing the loss for the six months ended 30 September 2019 attributable to the owners of the Company of approximately HK\$189,000 (three months ended 30 September 2019: profits of approximately HK\$963,000) by the weighted average number of ordinary shares in issue of 716,327,869 (three months ended 30 September 2019: 712,000,000) during the period, excluding shares held under the Company's share award scheme.

Diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding during the period ended 30 September 2019.

## 11. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 September 2020, the Group used approximately HK\$80,000 (six months ended 30 September 2019: HK\$9,000) on acquisition of property and equipment.

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

### (i) *Right-of-use assets*

As at 30 September 2020, the carrying amounts of right-of-use assets were approximately HK\$750,000 in respect of the leased property (31 March 2020: HK\$1,650,000).

## 12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

### (ii) Lease liabilities

As at 30 September 2020, the carrying amount of total lease liabilities was approximately HK\$765,000 (31 March 2020: HK\$1,671,000).

### (iii) Amounts recognised in profit or loss

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Depreciation of right-of-use assets	450	450	900	900
Interest expenses on lease liabilities	7	18	17	40

### (iv) Others

For the six months ended 30 September 2020, the total cash outflow for leases including interest paid on lease liabilities and payment of lease liabilities approximately amount to HK\$923,000 (For the six months ended 30 September 2019: HK\$923,000).

## 13. TRADE RECEIVABLES

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Trade receivables	11,763	14,771
Less: Loss allowance for trade receivables	(20)	(35)
	11,743	14,736

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

As at 30 September 2020, the gross amount of trade receivables arising from contracts with customer amounted to approximately HK\$11,763,000 (31 March 2020: HK\$14,771,000).

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.

### 13. TRADE RECEIVABLES (Continued)

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

	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
Within 30 days	<b>4,049</b>	8,328
31–60 days	<b>2,366</b>	2,969
61–90 days	<b>1,710</b>	1,461
91–120 days	<b>950</b>	557
Over 120 days	<b>2,688</b>	1,456
	<b>11,763</b>	14,771

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:

	30 September 2020			31 March 2020		
	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Weighted average expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	–	4,049	–	0.01	8,328	1
Within 30 days	–	2,366	–	0.03	2,969	1
31–60 days	0.05	1,710	1	0.14	1,461	2
61–90 days	0.32	950	3	0.90	557	5
Over 90 days	0.60	2,688	16	1.79	1,456	26
		<b>11,763</b>	<b>20</b>		14,771	35



### 13. TRADE RECEIVABLES (Continued)

Movement in the loss allowance:

	<b>30 September 2020 HK\$'000</b>	31 March 2020 HK\$'000
Balance at the beginning of the period/year	<b>35</b>	73
Reversal of provision for ECL on trade receivables	<b>(15)</b>	(38)
Balance at the end of the period/year	<b>20</b>	35

### 14. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital HK\$</b>
<b><i>Ordinary shares of HK\$0.01 each</i></b>		
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020	5,000,000,000	50,000,000
Issued and fully paid:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020	800,000,000	8,000,000

### 14A. CAPITAL COMMITMENT

As at 30 September 2020, the Group has capital commitment amounted to approximately HK\$25,000 (31 March 2020: HK\$215,000) in respect of the acquisitions of property and equipment contracted for but not provided in the condensed consolidated financial statements.

## 15. SHARE-BASED PAYMENT TRANSACTIONS

### (a) *Equity-settled Share Option Scheme of the Company*

The Company conditionally adopted the 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 options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the board of directors of the Company (the “**Board**”), has contributed or may contribute to the Group as incentive or reward for their contribution to the Group to subscribe for our Shares thereby linking their interest with that of our Group.

The Share Option Scheme will remain in force for a period of 10 years commencing on 30 July 2018.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue during any 12-month period, without prior approval from the Company’s shareholders.

The subscription price per Share shall be determined by the directors and shall not be less than the highest of (a) the closing price of our Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the grant of the particular option, which must be a business day; (b) the average of the closing prices of our Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

An option may be exercised at any time during the period to be determined and notified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme. A non-refundable remittance of HK\$1 by way of consideration for the grant of options should be made in favour of the Company within such time as may be specified in the offer (which should not be later than 21 days from, and inclusive of, the date of offer).

No share option has been granted under the Share Option Scheme since its adoption. As at 30 September 2020 and 31 March 2020, there are no outstanding share options issued under the Share Option Scheme.

## 15. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### (b) *Share Award Scheme*

The Company adopted the 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 any employee, director, officer, consultant or adviser of the member of the Group or any affiliate of the Group (“**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 valid and effective for a term of 5 years commencing on the adoption date. The Company has appointed Bank of East Asia (Trustees) Limited, an independent third party, for the administration of the Share Award Scheme.

Under the Share Award Scheme, awarded shares are either (i) purchased on the open market; and/or (ii) subscription of new shares; and/or (iii) otherwise allocated from the share pool. The cost of shares purchased from the open market and/or subscription of new shares is recognised in equity as shares held for the share award scheme.

The Board shall not make any further award of awarded shares which will result in the number of shares awarded by the Board under the Share Award Scheme exceeding 15% of the issued share capital of the Company as at the adoption date.

The Company may select any eligible participant (other than excluded person) for participation in the Share Award Scheme and determine the number of the awarded shares to be awarded to the selected participants (“**Selected Participants**”). The Company is entitled to impose any conditions (including a period of continued service within the Group after the reference date and target revenue of the Group for designated periods), as it deems appropriate with respect to the entitlement of the Selected Participants to the awarded shares.

On 10 April 2019, Mr. Yu contributed 88,000,000 shares to the share pool maintained by the trustee under the Share Award Scheme at nil consideration.

Vesting of the awarded shares granted is subject to the fulfillment of vesting conditions (the revenue of the Group for the period ended 30 September 2020, for the years ending 31 March 2021 and 2022) specified in the grant letters and their employment in the Group at the end of respective vesting periods. The actual number of the awarded shares to be vested is subject to the performance of the Group prior to vesting and may be reduced accordingly.

Equity-settled share-based compensation expenses of approximately HK\$4,419,000 were recognised as staff costs in profit or loss for the period ended 30 September 2020 and the remaining balance is to be recognised in the years ended 31 March 2021 and 2022 based on the respective vesting periods.

## 15. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### (b) Share Award Scheme (Continued)

Details of the terms and conditions of the grant of Share Award Scheme are as follows:

	Number of awarded shares	Fair value as at grant date		Vesting conditions
		Per share HK\$	Aggregate Amount HK\$'000	
Awarded shares granted to directors on 6 April 2020:				
Mr. Ng Yu Fai				
– Lot 1	7,000,000	0.068	476	Note (ii)
– Lot 2	7,000,000	0.068	476	Notes (iv), (vi)
Mr. Choi Man Ho				
– Lot 3	3,360,000	0.068	228	Notes (iii), (vi)
– Lot 4	5,040,000	0.068	343	Notes (iv), (vi)
– Lot 5	8,400,000	0.068	571	Notes (v), (vi)
Mr. Shiu Kam Man				
– Lot 6	13,328,000	0.068	906	Note (i)
– Lot 7	12,936,000	0.068	880	Notes (iii), (vi)
– Lot 8	12,936,000	0.068	880	Notes (iv), (vi)
Awarded shares granted to employee on 6 April 2020:				
– Lot 9	6,120,000	0.068	416	Note (i)
– Lot 10	5,940,000	0.068	404	Notes (iii), (vi)
– Lot 11	5,940,000	0.068	404	Notes (iv), (vi)
	88,000,000		5,984	

Notes:

- (i) The awarded share granted have been vested to Selected Participants in three months after the grant date.
- (ii) The awarded share granted have been vested to the Selected Participant unconditionally on the grant date.
- (iii) The awarded share granted have been vested to Selected Participants in six months after the grant date subject to certain desk revenue for the period ended 30 September 2020 exceeding HK\$6,000,000.
- (iv) The awarded share granted will be vested to the Selected Participant in twelve months after the grant date subject to certain desk revenue for the year ended 31 March 2021 exceeding HK\$12,000,000.
- (v) The awarded share granted will be vested to the Selected Participant in twenty-four months after the grant date subject to the audited revenue of the Group for the year ended 31 March 2022 exceeding HK\$60,000,000.

## 15. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### (b) Share Award Scheme (Continued)

Notes: (Continued)

- (vi) The awarded shares granted would be lapsed where Selected Participants cease to be employed by the Group and all the awarded shares shall not vest to Selected Participants on the relevant vesting date but shall become returned shares for the purposes of the Share Award Scheme.

The movement of the grant of shares under the Share Award Scheme during the period is as follows:

	<b>2020</b>
	<b>Number of awarded shares</b>
Outstanding as at 1 April 2020	–
Granted during the period	88,000,000
Vested during the period	(26,448,000)
Outstanding as at 30 September 2020	61,552,000

## 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:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
Short-term benefits	<b>3,361</b>	2,832	<b>7,772</b>	5,321
Post-employment benefits	<b>18</b>	23	<b>39</b>	45
Share-based payment expense	<b>1,117</b>	–	<b>2,471</b>	–
Total	<b>4,496</b>	2,855	<b>10,282</b>	5,366

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.

## 17. EVENT AFTER THE REPORTING PERIOD

On 6 October 2020, 22,236,000 awarded shares have been vested to Selected Participants upon fulfillment of vesting conditions specified in the respective grant letters.

## 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 growth 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 2020, 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 2020, the revenue was approximately HK\$31.0 million, representing an increase of approximately 11.5% when compared with the revenue of approximately HK\$27.8 million of the corresponding period in 2019.

### FINANCIAL REVIEW

#### Revenue

The revenue increased from approximately HK\$27.8 million for the six months ended 30 September 2019 to approximately HK\$31.0 million for the six months ended 30 September 2020, representing a growth of approximately 11.5%. The increase was mainly due to the increase in trade volume for HKEx.

The following table sets forth the revenue breakdown for the six months ended 30 September 2020, together with the comparative results for the corresponding period in 2019:

	For the six months ended 30 September 2020		2019	
	(Unaudited)		(Unaudited)	
	HK\$'000	%	HK\$'000	%
HKEx	27,384	88.2	21,287	76.6
SGX	1,287	4.2	3,271	11.8
OTC	2,369	7.6	3,230	11.6
TOTAL	31,040	100.0	27,788	100.0

### **Staff costs**

Staff costs comprise salaries, provident fund contribution and other allowance. The staff costs increased from approximately HK\$14.8 million for the six months ended 30 September 2019 to approximately HK\$22.6 million for the six months ended 30 September 2020, representing a growth of approximately 52.7%. The increase was mainly attributable to the increase in payroll for the two senior brokers newly employed in April 2020 and the share based payment as a result of the share awards granted on 6 April 2020 under the share award scheme of the Company adopted on 4 April 2019.

### **Other operating expenses**

The other operating expenses decreased from approximately HK\$11.7 million for the six months ended 30 September 2019 to approximately HK\$8.7 million for the six months ended 30 September 2020, representing a drop of approximately 25.6%. The decrease was mainly due to decrease in error expenses.

The error expenses for the six months ended 30 September 2020 was approximately HK\$1.0 million, representing a decrease of approximately HK\$2.7 million or 73.0% over the corresponding period of approximately HK\$3.7 million in 2019. 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.

### **Income tax expense**

Income tax expense for the six months ended 30 September 2020 was approximately HK\$103 thousand, while the income tax expense of the corresponding period in 2019 was approximately HK\$133 thousand. Such changes was in line with the drop of net profit before tax during the six months ended 30 September 2020.

### **Loss for the period**

The Group recorded a loss of approximately HK\$872 thousand for the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$189 thousand). The increase in loss was mainly due to the increase in revenue, increase in staff costs netting off by the decrease in other operating expenses during the six months ended 30 September 2020 as discussed above.

## LIQUIDITY AND FINANCIAL RESOURCES

	<b>As at 30 September 2020</b> (Unaudited) HK\$'000	<b>As at 31 March 2020</b> (Audited) HK\$'000
Current Assets	88,974	88,245
Current Liabilities	4,069	7,959
Current Ratio (times) (Note i)	21.9	11.1
Gearing Ratio (times) (Note ii)	N/A	N/A
Debt to equity ratio (Note iii)	Net cash	Net cash

Notes:

- (i) The calculation of current ratio is based on current assets divided by current liabilities.
- (ii) The calculation of gearing ratio is based on the total loans and borrowings divided by total equity.
- (iii) 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.

The Group recorded a current ratio of approximately 21.9 times as at 30 September 2020 (31 March 2020: 11.1 times), reflecting the financial competence of the Group.

As at 30 September 2020, the Group's cash and bank balances amounted to approximately HK\$65.0 million (as at 31 March 2020: HK\$56.6 million). The Group has sufficient resources to satisfy its working capital and sustain its business.

As at 30 September 2020, overall interest bearing liabilities of the Group are nil (as at 31 March 2020: 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 2020 and 31 March 2020 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 error report filings are as follows:

	<b>Error Expenses</b> HK\$'000 (Unaudited)	<b>Facilitation Expenses</b> HK\$'000 (Unaudited)
April 2020	15	182
May 2020	-	168
June 2020	-	164
July 2020	-	165
August 2020	-	22
September 2020	-	112

Note: The 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.

## 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 2020. 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 report, the Company's issued share capital was HK\$8 million divided into 800,000,000 ordinary Shares of HK\$0.01 each.

## CAPITAL COMMITMENT

As at 30 September 2020, the Group has capital commitment amounted to approximately HK\$25,000 (31 March 2020: HK\$215,000) in respect of the acquisitions of property and equipment contracted for but not provided in the condensed consolidated financial statements.

## 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 2020 and up to the date of this report.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2020, 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 2020, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## CONTINGENT LIABILITIES

As at 30 September 2020 and 30 September 2019, 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 2020 and 30 September 2019, the Group did not pledge any of its assets.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had 29 staff (as at 30 September 2019: 33) 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 2020.

## 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 2020 is set out below:

Objectives	Implementation plan	Actual business progress up to 30 September 2020
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\$6.0 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\$4.2 million of the net proceeds has been utilised for employing three senior licensed brokers for the development of OTC Eurex MSCI derivatives market

Objectives	Implementation plan	Actual business progress up to 30 September 2020
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\$349 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\$771 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\$2.0 million 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 2020, approximately HK\$13.3 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 HK\$'000	For the six months ended 31 March 2019 HK\$'000	For the six months ended 30 September 2019 HK\$'000	For the six months ended 31 March 2020 HK\$'000	For the six months ended 30 September 2020 HK\$'000	Total HK\$'000	Up to 30 September 2020 HK\$'000
To apply for becoming a Clearing Participant	-	-	11,040	480	480	12,000	349
To expand our OTC product coverage	-	1,104	1,897	2,128	2,128	7,257	4,961
To use for office expansion plan	6,028	-	-	-	-	6,028	6,028
To expand our licensed broker team	-	-	665	665	665	1,995	1,995
	6,028	1,104	13,602	3,273	3,273	27,280	13,333

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 2020, 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. Ng Yu Fai	Interest of controlled corporation	54,000,000 (Note 1)	6.75%
	Beneficial interest	14,000,000 (Note 2)	1.75%
		68,000,000	8.50%
Mr. Choi Man Ho	Interest of controlled corporation	36,000,000 (Note 3)	4.50%
	Beneficial interest	16,800,000 (Note 4)	2.10%
		52,800,000	6.60%
Mr. Shiu Kam Man	Beneficial interest	39,200,000 (Note 5)	4.90%
Mr. Lau Ming Yeung, Lambert	Interest of controlled corporation	32,000,000 (Note 6)	4.00%

#### Notes:

1. 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.
  2. These represent Shares granted to Mr. Ng Yu Fai pursuant to the share award scheme of the Company adopted on 4 April 2019, which were held on trust by the trustee until the Shares have vested. As at 30 September 2020, 7,000,000 of these Shares have vested. For details about the scheme, please refer to the paragraph headed "Share award scheme".
  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.
  4. These represent Shares granted to Mr. Choi Man Ho pursuant to the share award scheme of the Company adopted on 4 April 2019, which were held on trust by the trustee until the Shares have vested. For details about the scheme, please refer to the paragraph headed "Share award scheme".
  5. These represent Shares granted to Mr. Shiu Kam Man pursuant to the share award scheme of the Company adopted on 4 April 2019, which were held on trust by the trustee until the Shares have vested. As at 30 September 2020, 13,328,000 of these Shares have vested. For details about the scheme, please refer to the paragraph headed "Share award scheme".
  6. 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 2020.

Save as disclosed above, as at 30 September 2020, 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 2020, the following corporations or persons (other than a Director or chief executive of the Company) had interests 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%
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%
Ms. Yip Shui Chi Rowena	Interest of spouse	278,000,000 (Notes 1, 3)	34.75%
	Beneficial owner	16,000,000	2.00%
		294,000,000	36.75%
Jolly Ocean Global Limited	Beneficial owner	96,000,000 (Note 4)	12.00%
Santo Global Investments Limited	Interest of controlled corporation	96,000,000 (Note 4)	12.00%
Mr. Lau Ming Hong Henry	Interest of controlled corporations	96,000,000 (Note 4)	12.00%
Ms. Lo Ying	Interest of spouse	96,000,000 (Note 4)	12.00%
Bank of East Asia (Trustees) Limited	Trustee	61,552,000 (Note 5)	7.69%
Dense Jungle Limited	Beneficial owner	54,000,000 (Note 6)	6.75%
Ms. Mak Sui Yu	Interest of spouse	52,800,000 (Note 7)	6.60%

#### 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. 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.
  4. 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.
  5. 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 61,552,000 Shares.
  6. 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".
  7. Ms. Mak Sui Yu is the spouse of Mr. Choi Man Ho. By virtue of the SFO, Ms. Mak Sui Yu is taken to be interested in the same number of Shares in which Mr. Choi Man Ho is interested.
- + The percentage represents the number of ordinary Shares involved divided by the number of issued Shares as at 30 September 2020.

Save as disclosed above, as at 30 September 2020, 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 Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2020.

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 2020.

## 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 2020, 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 2020.

## 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 2020.

## 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 2020.

## 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 report.

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.

Since the adoption of the Share Award Scheme, a total of 88,000,000 awarded shares have been granted by the Company pursuant to the terms of the Share Award Scheme, subject to the vesting conditions (if any). As at 30 September 2020, 26,448,000 awarded shares have vested in the relevant grantees. For details about the movement of awarded shares, please refer to the notes to the condensed consolidated financial statements.

## **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 2020.

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

Hong Kong, 30 October 2020

*As at the date of this report, the executive Directors are Mr. Lau Ming Yeung, Lambert, Mr. Choi Man Ho, Mr. Ng Yu Fai and Mr. Shiu Kam Man; 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 Listed Company Information" 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".*