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DLC ASIA
DLC Asia Limited
衍匯亞洲有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8210)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

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 2024, together with the comparative unaudited figures for the corresponding period in 2023 as follows.

The unaudited condensed consolidated financial information for the six months ended 30 September 2024 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 SIX MONTHS ENDED 30 SEPTEMBER 2024

		Six months ended 30 September	
	NOTES	2024 HK\$’000 (unaudited)	2023 HK\$’000 (unaudited)
Revenue	4	26,725	30,721
Other income	5	636	497
Total revenue and other income		27,361	31,218
Depreciation		(730)	(728)
Staff costs		(17,331)	(19,409)
Reversal of expected credit losses on trade receivables		2	12
Other operating expenses		(8,205)	(8,739)
Finance costs	6	(53)	(83)
Profit before tax	7	1,044	2,271
Income tax expense	8	(113)	(242)
Profit and total comprehensive income for the period attributable to the owners of the Company		<u>931</u>	<u>2,029</u>
Earnings per share (HK cents)			
Basic and diluted	10	<u>0.12</u>	<u>0.25</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	NOTES	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Non-current assets			
Property and equipment	11	60	52
Right-of-use assets	12	601	1,323
Intangible assets		1,000	1,000
Deferred tax assets		168	188
		<u>1,829</u>	<u>2,563</u>
Current assets			
Trade receivables	13	10,063	11,199
Prepayments, deposits and other receivables		19,325	20,290
Tax recoverable		14	107
Cash and cash equivalents		60,086	57,639
		<u>89,488</u>	<u>89,235</u>
Current liabilities			
Other payables and accruals		4,133	4,742
Lease liabilities	12	685	1,488
		<u>4,818</u>	<u>6,230</u>
Net current assets		<u>84,670</u>	<u>83,005</u>
Net assets		<u><u>86,499</u></u>	<u><u>85,568</u></u>
Capital and reserves			
Share capital	14	8,000	8,000
Reserves		78,499	77,568
Total equity		<u><u>86,499</u></u>	<u><u>85,568</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Attributable to the owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Shareholder's contribution reserve HK\$'000 (Note (a))	Other reserve HK\$'000 (Note (b))	Retained earnings HK\$'000	
At 1 April 2024	8,000	21,640	19,272	6,800	29,856	85,568
Profit and total comprehensive income for the period	-	-	-	-	931	931
As at 30 September 2024 (unaudited)	8,000	21,640	19,272	6,800	30,787	86,499
At 1 April 2023	8,000	21,640	19,272	6,800	28,001	83,713
Profit and total comprehensive income for the period	-	-	-	-	2,029	2,029
As at 30 September 2023 (unaudited)	8,000	21,640	19,272	6,800	30,030	85,742

Notes:

- (a) On 10 April 2019, Oasis Green Ventures Limited (“**Oasis Green**”), the immediate holding company of the 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 (the “**Share Award Scheme**”) adopted by the Company for the long term development of the Group at nil consideration as incentive to attract and retain eligible participants under the Share Award Scheme. 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 2024, no shares (six months ended 30 September 2023: no share) was vested under the Share Award Scheme.

- (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 of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit before tax	1,044	2,271
Adjustments for:		
Depreciation of property and equipment	8	6
Depreciation of right-of-use assets	722	722
Reversal of expected credit losses on trade receivables	(2)	(12)
Interest income	(636)	(497)
Interest expense on overdrafts	22	14
Interest expense on lease liabilities	31	69
	<hr/>	<hr/>
Operating cash flows before movements in working capital	1,189	2,573
Decrease in trade receivables	1,138	4,538
Decrease in prepayments, deposits and other receivables	965	1,060
Decrease in other payables and accruals	(609)	(1,881)
	<hr/>	<hr/>
Cash generated from operations	2,683	6,290
Hong Kong Profits Tax paid	–	(347)
Interest expense on overdrafts	(22)	(14)
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	2,661	5,929
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Purchase of property and equipment	(16)	(6)
Interest income received	636	497
	<hr/>	<hr/>
NET CASH FROM INVESTING ACTIVITIES	620	491
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Payment of lease liabilities	(803)	(765)
Interest expense on lease liabilities	(31)	(69)
	<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES	(834)	(834)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,447	5,586
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	57,639	54,624
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, represented by cash and cash equivalents	60,086	60,210
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act, 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 2024 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. PRINCIPAL 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 2024 except as described below.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and position 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.

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Commission income from dealing in securities and futures contracts as a futures non-clearing broker	<u>26,725</u>	<u>30,721</u>

All revenue are recognised at a point in time during the six months ended 30 September 2024 and 2023.

Segment Information

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

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performances focuses on provision of services of dealing in securities and futures contracts as a futures non-clearing broker. During the six months ended 30 September 2024 and 2023, 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:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A	<u>3,975</u>	<u>5,733</u>

5. OTHER INCOME

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	<u>636</u>	<u>497</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interest expense on:		
Overdrafts	22	14
Lease liabilities	31	69
	<u>53</u>	<u>83</u>

7. PROFIT BEFORE TAX

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Auditor's remuneration	200	218
Exchange loss, net	72	160
Depreciation of property and equipment	8	6
Depreciation of right-of-use assets	722	722
Error and facilitation expenses	721	790
	<u>721</u>	<u>790</u>

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Hong Kong:		
Current tax for the period	93	229
Deferred tax	20	13
	<u>113</u>	<u>242</u>

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 2024 and 2023, 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 2024 (six months ended 30 September 2023: nil).

10. EARNINGS PER SHARE

Basic earnings per share amount are calculated by dividing the profit for the six months ended 30 September 2024 attributable to the owners of the Company of approximately HK\$931,000 by the weighted average number of ordinary shares in issue of 800,000,000 during the period.

Basic earnings per share amount are calculated by dividing the profit for the six months ended 30 September 2023 attributable to the owners of the Company of approximately HK\$2,029,000 by the weighted average number of ordinary shares in issue of 800,000,000 during the period.

Diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the period ended 30 September 2024 and 30 September 2023.

11. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 September 2024, the Group used approximately HK\$16,000 (six months ended 30 September 2023: HK\$6,000) on acquisition of property and equipment.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

As at 30 September 2024, the carrying amount of right-of-use assets was approximately HK\$601,000 in respect of the leased premises (31 March 2024: HK\$1,323,000).

(ii) Lease liabilities

As at 30 September 2024, the carrying amount of total lease liabilities was approximately HK\$685,000 (31 March 2024: HK\$1,488,000).

(iii) Amounts recognised in profit or loss

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation of right-of-use assets	722	722
Interest expenses on lease liabilities	31	69
	<u>753</u>	<u>791</u>

(iv) Others

For the six months ended 30 September 2024, the total cash outflow for leases including interest paid on lease liabilities and payment of lease liabilities approximately amount to HK\$834,000 (For the six months ended 30 September 2023: HK\$834,000).

13. TRADE RECEIVABLES

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Trade receivables	10,075	11,213
Less: Loss allowance for trade receivables	(12)	(14)
	<u>10,063</u>	<u>11,199</u>

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

As at 30 September 2024, the gross amount of trade receivables arising from contracts with customer amounted to approximately HK\$10,075,000 (31 March 2024: HK\$11,213,000).

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 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Within 30 days	4,423	4,291
31–60 days	1,501	1,736
61– 90 days	1,157	1,548
91– 120 days	565	368
Over 120 days	2,429	3,270
	<u>10,075</u>	<u>11,213</u>

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 individual customer or the ageing of customers collectively that are not individually significant as follows:

	30 September 2024			31 March 2024		
	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)	0.01	4,423	–*	0.01	4,291	–*
Within 30 days	0.07	1,501	1	0.01	1,736	–*
31–60 days	0.09	1,157	1	0.06	1,548	1
61–90 days	0.18	565	1	0.27	368	1
Over 90 days	0.37	2,429	9	0.37	3,270	12
		<u>10,075</u>	<u>12</u>		<u>11,213</u>	<u>14</u>

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

Movement in the loss allowance:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Balance at the beginning of the period/year	14	23
Reversal of ECL recognised on trade receivables	(2)	(9)
Balance at the end of the period/year	<u>12</u>	<u>14</u>

14. SHARE CAPITAL

	Number of shares	Share capital HK\$
<i>Ordinary shares of HK\$0.01 each</i>		
Authorised:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	<u>5,000,000,000</u>	<u>50,000,000</u>
Issued and fully paid:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	<u>800,000,000</u>	<u>8,000,000</u>

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 2024 and 31 March 2024, there are no outstanding share options issued under the Share Option Scheme.

(b) Share Award Scheme

The Company adopted the Share Award Scheme on 4 April 2019. 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 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 year ending 31 March 2022 and 2021) specified in the grant letters and their employment in the Group at the end of vesting period. 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\$4,000 (six months ended 30 September 2024: nil) were recognised as staff costs in profit or loss for the six months ended 30 September 2023.

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	Note (iv)
Mr. Choi Man Ho				
– Lot 3	3,360,000	0.068	228	Note (iii)
– Lot 4	5,040,000	0.068	343	Note (iv)
– Lot 5	8,400,000	0.068	571	Notes (v)
Mr. Shiu Kam Man				
– Lot 6	13,328,000	0.068	906	Note (i)
– Lot 7	12,936,000	0.068	880	Note (iii)
– Lot 8	12,936,000	0.068	880	Note (iv)
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	Note (iii)
– Lot 11	5,940,000	0.068	404	Note (iv)
	<u>88,000,000</u>		<u>5,984</u>	

Notes:

- (i) The awarded shares granted have been vested to Selected Participants in three months after the grant date.
- (ii) The awarded shares granted have been vested to the Selected Participant unconditionally on the grant date.
- (iii) The awarded shares granted have been vested to Selected Participants in six months after the grant date, subject to the fulfillment of vesting condition on certain desk revenue for the period ended 30 September 2020 exceeding HK\$6,000,000.
- (iv) The awarded shares granted have been vested to the Selected Participant in twelve months after the grant date, subject to the fulfillment of vesting condition on certain desk revenue for the year ended 31 March 2021 exceeding HK\$12,000,000.
- (v) The awarded shares granted have been vested to the Selected Participant in twenty-four months after the grant date, subject to the fulfillment of vesting condition on the audited revenue of the Group for the year ended 31 March 2022 exceeding HK\$60,000,000.
- (vi) No awarded share has been granted/cancelled/lapsed under the Share Award Scheme during the six months ended 30 September 2024 and 2023.

No movements of the grant of shares under the Share Award Scheme during the six months ended 30 September 2024 and 2023.

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:

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Short-term benefits	9,726	10,325
Post-employment benefits	38	36
Total	<u>9,764</u>	<u>10,361</u>

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 its revenue from commission income for derivatives brokerage services provided to the customers.

For the six months ended 30 September 2024, the trade orders involved listed derivatives products which were either executed on Hong Kong Exchanges and Clearing Limited (the “HKEx”), the Singapore Exchange (the “SGX”) or the Eurex Exchange (the “EUREX”), 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 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 2024, revenue was approximately HK\$26.7 million, representing a decrease of approximately 13.0% when compared with the revenue of approximately HK\$30.7 million of the corresponding period in 2023.

There are no material changes to the business and likely future development of the Group since the publication of the annual report of the Company for the year ended 31 March 2024.

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately HK\$30.7 million for the six months ended 30 September 2023 to approximately HK\$26.7 million for the six months ended 30 September 2024, representing a decrease of approximately 13.0%. The decrease was mainly due to the decrease in trade volume on HKEx and SGX.

The following table sets forth the revenue breakdown for the six months ended 30 September 2024, together with the comparative results for the corresponding period in 2023:

	For the six months ended 30 September 2024		2023	
	(Unaudited) HK\$'000	%	(Unaudited) HK\$'000	%
HKEx	24,115	90.2	28,282	92.1
SGX	124	0.5	244	0.8
EUREX	–	–	–	–
OTC	2,486	9.3	2,195	7.1
TOTAL	<u>26,725</u>	<u>100</u>	<u>30,721</u>	<u>100</u>

Staff Costs

Staff costs comprise salaries, provident fund contribution and other allowance. Staff costs decreased from approximately HK\$19.4 million for the six months ended 30 September 2023 to approximately HK\$17.3 million for the six months ended 30 September 2024, representing a decrease of approximately 10.8%. The decrease was mainly attributed to the decrease in bonus which was in line with the decrease in revenue of the Group compared with the corresponding period in 2023.

Depreciation

Depreciation of property and equipment and right-of-use assets increased from HK\$728 thousand for the six months ended 30 September 2023 to HK\$730 thousand for the six months ended 30 September 2024, representing an increase of 0.3%. The increase was mainly due to the addition of property and equipment and right-of-use assets in the six months ended 30 September 2024.

Other operating expenses

Other operating expenses consist of clearing expenses, information system services expenses, error expenses, insurance expenses, repair and maintenance expenses, legal and professional fee etc. The other operating expenses decreased from approximately HK\$8.7 million for the six months ended 30 September 2023 to approximately HK\$8.2 million for the six months ended 30 September 2024, representing a decrease of approximately 5.7%. The decrease was mainly due to the decrease in clearing expenses, error expenses and marketing expenses.

Clearing expenses for the six months ended 30 September 2024 was approximately HK\$2.6 million representing a decrease of HK\$0.3 million or 10.3% over approximately HK\$2.9 million of the corresponding period in 2023. The decrease in clearing expenses was in line with the decrease in revenue of the Group.

Error expenses for the six months ended 30 September 2024 was approximately HK\$721 thousand, representing a decrease of HK\$69 thousand or 8.7% over approximately HK\$790 thousand of the corresponding period in 2023. The decrease in error expenses was in line with the decrease in revenue of the Group.

Marketing expenses for the six months ended 30 September 2024 was approximately HK\$770 thousand, representing a decrease of HK\$118 thousand or 13.3% over approximately HK\$888 thousand of the corresponding period in 2023. The decrease in marketing expenses was in line with the decrease in revenue of the Group.

Income tax expense

Income tax expense for the six months ended 30 September 2024 was HK\$113 thousand, while the income tax expense of the corresponding period in 2023 was approximately HK\$242 thousand. Such decrease was in line with the decrease of net profit before tax during the six months ended 30 September 2024.

Profit for the period

The Group recorded a profit of approximately HK\$1.0 million for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$2.0 million). The decrease was mainly due to the decrease in revenue, after netting off the decrease in staff cost and decrease in other operating expenses during the six months ended 30 September 2024 as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 30 September 2024 <i>(Unaudited)</i> <i>HK\$'000</i>	As at 31 March 2024 <i>(Audited)</i> <i>HK\$'000</i>
Current Assets	89,488	89,235
Current Liabilities	4,818	6,230
Current Ratio (times) <i>(Note i)</i>	18.6	14.3
Gearing Ratio (times) <i>(Note ii)</i>	N/A	N/A
Debt to equity ratio <i>(Note iii)</i>	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 18.6 times as at 30 September 2024 (31 March 2024: 14.3 times), reflecting the financial competence of the Group.

As at 30 September 2024, the Group's cash and bank balances amounted to approximately HK\$60.1 million (as at 31 March 2024: HK\$57.6 million). The Group has sufficient resources to satisfy its working capital and sustain its business.

As at 30 September 2024, overall interest bearing liabilities of the Group are nil (as at 31 March 2024: 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 2024 and 31 March 2024 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 <i>HK\$'000</i> <i>(Unaudited)</i>	Facilitation Expenses <i>HK\$'000</i> <i>(Unaudited)</i>
April 2024	–	167
May 2024	–	154
June 2024	–	49
July 2024	–	180
August 2024	–	110
September 2024	–	61

Error expenses refer to expenses incurred in error trades, which 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 2024. 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

The authorised share capital of the Company is HK\$50 million divided into 5,000,000,000 ordinary shares of the Company (the "Shares") of HK\$0.01 each.

As at the date of this announcement, the Company's issued share capital was HK\$8 million divided into 800,000,000 ordinary Shares of HK\$0.01 each. During the six months ended 30 September 2024, there was no movement of the issued capital of the Company.

CAPITAL COMMITMENT

As at 30 September 2024, the Group did not have any capital commitment (31 March 2024: HK\$nil) in respect of the acquisitions of property and equipment contracted for but not provided in the condensed consolidated financial statements.

SIGNIFICANT INVESTMENT

The Group had no significant investment with a value of 5% or more of the Group's total assets as at the end of the period under review.

EVENT AFTER THE REPORTING PERIOD

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 2024 and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2024, the Group did not have any future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 September 2024, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

CONTINGENT LIABILITIES

As at 30 September 2024 and 30 September 2023, 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 2024 and 30 September 2023, the Group did not pledge any of its assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2024, the Group had 27 staff (as at 30 September 2023: 27) 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 2024.

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 2024, 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 (<i>Note 1</i>)	6.75%
	Beneficial interest	14,000,000	1.75%
		68,000,000	8.50%
Mr. Choi Man Ho	Interest of controlled corporation	36,000,000 (<i>Note 2</i>)	4.50%
	Beneficial interest	16,800,000	2.10%
		52,800,000	6.60%
Mr. Shiu Kam Man	Beneficial interest	39,200,000	4.90%
Mr. Lau Ming Yeung, Lambert	Interest of controlled corporation	32,000,000 (<i>Note 3</i>)	4.00%
Ms. Shiu Carmen Yin Man	Beneficial interest	18,000,000	2.25%

Notes:

1. These Shares are held by Dense Jungle Limited, which is wholly owned and controlled 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 Shares are held by Beyond Delta Limited, which is wholly owned and controlled 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.
 3. These Shares are held by Ocean Lead Holdings Limited, which is wholly owned and controlled 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 2024.

Save as disclosed above, as at 30 September 2024, 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 2024, 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%
Dense Jungle Limited	Beneficial owner	54,000,000 (Note 5)	6.75%
Ms. Mak Sui Yu	Interest of spouse	52,800,000 (Note 6)	6.60%

Notes:

1. These Shares are held by Oasis Green Ventures Limited, a company wholly owned and controlled by Pacific Asset Limited, which is in turn wholly owned and controlled 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 and controlled by Santo Global Investments Limited, which is in turn wholly owned and controlled 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 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”.
 6. 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 2024.

Save as disclosed above, as at 30 September 2024, 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 competes 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 2024.

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 2024.

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 (including sale of treasury shares) during the six months ended 30 September 2024. As at 30 September 2024, the Company did not hold any treasury shares.

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 Part 2 of Appendix C1 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 2024.

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 2024.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 30 July 2018. 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. Subject to any early termination as may be determined by the Board, the Share Option Scheme shall be valid and effective for a term of ten (10) years commencing on the date of adoption. The remaining life of the Share Option Scheme is approximately 4 years.

The total number of Shares which may be issued upon exercise of all share 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 announcement.

No share option has been granted by the Company under the Share Option Scheme since its adoption. The number of share options available for grant under the scheme mandate of the Share Option Scheme as at 1 April 2024 and 30 September 2024 is 80,000,000 Shares, representing 10% of total issued Shares as at the date of this announcement.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 4 April 2019. 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. Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of five (5) years commencing on the date of adoption. The Share Award Scheme has expired on 3 April 2024.

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 entered into with the trustee. 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) and all awarded shares have vested in the relevant grantees. Pursuant to the Share Award Scheme, there is no amount payable on application or acceptance of the awarded shares and no purchase price of the awarded shares. No awarded shares have been granted/cancelled/lapsed/vested under the Share Award Scheme during the six months ended 30 September 2024. There were no unvested awards at the beginning and at the end of the six months ended 30 September 2024.

No further awards may be made under the Share Award Scheme at the date of this announcement as the Share Award Scheme has expired.

The number of awarded shares available for grant under the scheme mandate of the Share Award Scheme as at 1 April 2024 and 30 September 2024 was 120,000,000 Shares, representing 15% of the total issued Shares as at the date of this announcement, and nil Share respectively, as the Share Award Scheme has expired on 3 April 2024. There is no restriction on the maximum number of Shares to be granted under the Share Award Scheme to each eligible participant.

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 2024.

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

Hong Kong, 7 November 2024

As at the date of this announcement, the executive Directors are Mr. Lau Ming Yeung, Lambert, Mr. Choi Man Ho, Mr. Ng Yu Fai, Mr. Shiu Kam Man, and Ms. Shiu Carmen Yin Man; 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 Listed Company Information” page of the Stock Exchange’s website at “www.hkexnews.hk” for at least seven days from the date of its publication and on the Company’s website at “www.derivaasia.com”.