

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*



**DLC ASIA**

**DLC Asia Limited**  
**衍匯亞洲有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8210)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**

### **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 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

### THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company announces the unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 31 December 2018, together with the comparative unaudited figures for the corresponding periods in 2017 as follows.

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 DECEMBER 2018

		Three months ended		Nine months ended	
		31 December		31 December	
	NOTES	2018	2017	2018	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	<b>15,311</b>	21,268	<b>50,252</b>	53,134
Other income and gains, net	5	<b>66</b>	18	<b>50</b>	108
Total revenue and other income		<b>15,377</b>	21,286	<b>50,302</b>	53,242
Depreciation		<b>(133)</b>	(35)	<b>(395)</b>	(116)
Staff costs		<b>(9,606)</b>	(12,640)	<b>(28,870)</b>	(29,145)
Listing expenses		<b>–</b>	(5,474)	<b>(5,039)</b>	(14,075)
Other operating expenses		<b>(5,261)</b>	(4,090)	<b>(15,447)</b>	(11,833)
Finance costs	6	<b>(3)</b>	(5)	<b>(30)</b>	(21)
Profit (loss) before tax	7	<b>374</b>	(958)	<b>521</b>	(1,948)
Income tax expense	8	<b>(243)</b>	(750)	<b>(1,126)</b>	(2,009)
Profit (loss) and total comprehensive income (expense) for the period attributable to the owners of the Company		<b>131</b>	(1,708)	<b>(605)</b>	(3,957)
Earnings (loss) per share (HK cents)					
Basic and diluted	10	<b>0.02</b>	(0.28)	<b>(0.09)</b>	(0.66)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**

	Attributable to the owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note a)	Retained profits HK\$'000	
At 1 April 2018 (audited)	6,800	–	–*	36,747	43,547
Loss and total comprehensive expense for the period	–	–	–	(605)	(605)
Issue of shares upon reorganisation (the “ <b>Reorganisation</b> ”) (Note c)	–*	–	–*	–	–*
Capitalisation issue (Note d)	6,000	(6,000)	–	–	–
Issue of share upon share offer (Note e)	2,000	49,000	–	–	51,000
Arising from Reorganisation	(6,800)	–	6,800	–	–
Transaction costs in connection with the issue of shares upon share offer	–	(8,071)	–	–	(8,071)
As at 31 December 2018 (unaudited)	<u>8,000</u>	<u>34,929</u>	<u>6,800</u>	<u>36,142</u>	<u>85,871</u>
At 1 April 2017 (audited)	6,800	–	–	31,969	38,769
Loss and total comprehensive expense for the period	–	–	–	(3,957)	(3,957)
Issue of shares on 29 November 2017 (Note b)	–*	–	–	–	–*
As at 31 December 2017 (unaudited)	<u>6,800</u>	<u>–</u>	<u>–</u>	<u>28,012</u>	<u>34,812</u>

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

*Notes:*

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

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### *FOR THE NINE MONTHS ENDED 31 DECEMBER 2018*

#### **1. GENERAL**

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

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

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

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

#### **2. BASIS OF PREPARATION**

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

As such, this Reorganisation is effectively interspersing a shell company over the subsidiaries and there was a continuation of risks and benefits to the ultimate beneficial owner. Accordingly, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The condensed consolidated financial statements of the Group have been prepared as if the Company had always been the holding company of the companies now comprising the Group throughout the nine months ended 31 December 2018 and 2017.

The condensed consolidated statements of profit or loss and other comprehensive income and the condensed consolidated statements of changes in equity included the results of the companies now comprising the Group as if the current group structure had been in existence throughout the nine months ended 31 December 2018 and 2017. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

The condensed consolidated financial statements of the Group for the nine months ended 31 December 2018 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies that have been used in the preparation of these condensed consolidated financial statements for the nine months ended 31 December 2018 are consistent with those adopted in the Group's interim condensed consolidated financial statements for the six months ended 30 September 2018.

In the current period, the Group has adopted all the new and revised HKFRSs and amendments to HKASs and interpretations (“**Ints**”) (hereinafter collectively referred to as “**new and revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) that are relevant to the Group and effective for accounting periods beginning on or after 1 April 2018.

The adoption of these new and revised HKFRSs has had no material effect on Group's financial performance and position reported for the current and prior periods.

The Group has not early adopted the new and revised HKFRSs issued by the HKICPA that have been issued but are not yet effective for the current period. The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and financial position of the Group.

### 4. REVENUE

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

	Three months ended 31 December		Nine months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Commission income from dealing in securities and futures contracts as a futures non-clearing broker	<u>15,311</u>	<u>21,268</u>	<u>50,252</u>	<u>53,134</u>

### 5. OTHER INCOME AND GAINS, NET

	Three months ended 31 December		Nine months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Bank interest income	33	—*	50	—*
Exchange gain, net	<u>33</u>	<u>18</u>	<u>—</u>	<u>108</u>
	<u>66</u>	<u>18</u>	<u>50</u>	<u>108</u>

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

## 6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2018 <i>HK\$'000</i> <i>(unaudited)</i>	2017 <i>HK\$'000</i> <i>(unaudited)</i>	2018 <i>HK\$'000</i> <i>(unaudited)</i>	2017 <i>HK\$'000</i> <i>(unaudited)</i>
Overdraft interest	<u>3</u>	<u>5</u>	<u>30</u>	<u>21</u>

## 7. PROFIT (LOSS) BEFORE TAX

	Three months ended 31 December		Nine months ended 31 December	
	2018 <i>HK\$'000</i> <i>(unaudited)</i>	2017 <i>HK\$'000</i> <i>(unaudited)</i>	2018 <i>HK\$'000</i> <i>(unaudited)</i>	2017 <i>HK\$'000</i> <i>(unaudited)</i>
Profit (loss) for the period has been arrived at after charging:				
Exchange loss, net	-	-	6	-
Operating lease rental payments for rented premises	<u>462</u>	<u>241</u>	<u>1,546</u>	<u>722</u>

## 8. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2018 <i>HK\$'000</i> <i>(unaudited)</i>	2017 <i>HK\$'000</i> <i>(unaudited)</i>	2018 <i>HK\$'000</i> <i>(unaudited)</i>	2017 <i>HK\$'000</i> <i>(unaudited)</i>
Current tax:				
Hong Kong Profits tax	<u>243</u>	<u>750</u>	<u>1,126</u>	<u>2,009</u>

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

## 9. DIVIDEND

No dividend was paid, declared or proposed during the nine months ended 31 December 2018.

No dividend was declared or proposed during the nine months ended 31 December 2017.

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

## 10. EARNINGS (LOSS) PER SHARE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Earnings (loss)</b>				
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share for the period attributable to the owners of the Company	<u>131</u>	<u>(1,708)</u>	<u>(605)</u>	<u>(3,957)</u>
	<b>2018</b>	2017	<b>2018</b>	2017
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<u>800,000,000</u>	<u>600,000,000</u>	<u>692,363,636</u>	<u>600,000,000</u>

The weighted average number of ordinary shares in issue during the nine months ended 31 December 2018 used in the calculation of basic earnings (loss) per share is determined on the assumption that the 10,000 ordinary shares and the 599,990,000 ordinary shares issued upon the capitalisation issue and Reorganisation as described in the Prospectus had been in issue since 1 April 2018, and the weighted average of 200,000,000 ordinary shares issued upon share offer.

The weighted average number of ordinary shares in issue during the nine months ended 31 December 2017 used in the calculation of basic loss per share is determined on the assumption that the 10,000 ordinary shares and the 599,990,000 ordinary shares issued upon the capitalisation issue and Reorganisation as described in the Prospectus had been in issue since 1 April 2017.

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

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

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

For the nine months ended 31 December 2018, the trade orders involved listed derivatives products which were either executed on the Hong Kong Exchanges and Clearing Limited (the “**HKEx**”) or Singapore Exchange (the “**SGX**”), and non-listed derivatives products which were all executed over-the-counter (“**OTC**”). The Group has, through De Riva, entered into arrangements with a number of execution brokers to provide derivative services for SGX listed derivatives and HKEx listed single stock options as De Riva does not have the relevant trading rights. Hence, De Riva acted as an agent to arrange for and match up trade orders without providing any execution, settlement or clearing services, and trading parties are directly responsible for all risks involved in the OTC transactions.

For the nine months ended 31 December 2018, the revenue was approximately HK\$50.3 million, representing a decrease of approximately 5.3% when compared with the revenue of approximately HK\$53.1 million of the corresponding period in 2017.

## FINANCIAL REVIEW

### Revenue

The revenue decreased from approximately HK\$53.1 million for the nine months ended 31 December 2017 to approximately HK\$50.3 million for the nine months ended 31 December 2018, representing a drop of approximately 5.3%. The decrease was mainly due to the decrease in trade volume.

The following table sets forth the revenue breakdown for the nine months ended 31 December 2018, together with the comparative results for the corresponding period in 2017:

	For the nine months ended 31 December 2018		2017	
	(Unaudited) HK\$'000	%	(Unaudited) HK\$'000	%
HKEx	38,994	77.6	43,092	81.1
SGX	6,889	13.7	6,337	11.9
OTC	4,369	8.7	3,705	7.0
	<hr/>		<hr/>	
TOTAL	50,252	100.0	53,134	100.0

### Staff costs

Staff costs comprise salaries, provident fund contribution and other allowance. The staff cost decreased from approximately HK\$29.1 million for the nine months ended 31 December 2017 to approximately HK\$28.9 million for the nine months ended 31 December 2018, representing a drop of approximately 0.7%. The decrease was mainly attributable to the decrease in bonus which was in line with the decrease in revenue of the Group and netting off by the increase in number of staff compared with the corresponding period in 2017.

### Other operating expenses

The other operating expenses increased from approximately HK\$11.8 million for the nine months ended 31 December 2017 to approximately HK\$15.4 million for the nine months ended 31 December 2018, representing a growth of approximately 30.5%. The increase was mainly due to the increase in office rent, business entertainment expenses, legal and professional fee, repair and maintenance expenses and insurance expenses.

The office rent for the nine months ended 31 December 2018 was approximately HK\$1.5 million, representing an increase of approximately HK\$0.8 million or 114.3% over the corresponding period of approximately HK\$0.7 million in 2017. It was due to the reallocation of office in April 2018.

The business entertainment expenses for the nine months ended 31 December 2018 was approximately HK\$2.3 million, representing an increase of approximately HK\$0.6 million or 35.3% over the corresponding period of approximately HK\$1.7 million in 2017. It was mainly due to the increase in number of traders in 2018.

The legal and professional fee for the nine months ended 31 December 2018 was approximately HK\$833 thousand, representing an increase of approximately HK\$748 thousand or 880% over the corresponding period of approximately HK\$85 thousand in 2017. It was due to the professional fee for listing and the ongoing professional fee after listing during the nine months ended 31 December 2018.

The repair and maintenance expenses for the nine months ended 31 December 2018 was approximately HK\$572 thousand, representing an increase of approximately HK\$296 thousand or 107.2% over the corresponding period of approximately HK\$276 thousand in 2017. It was due to office reinstallation in April 2018.

The insurance expenses for the nine months ended 31 December 2018 was approximately HK\$629 thousand, representing an increase of approximately HK\$250 thousand or 66.0% over the corresponding period of approximately HK\$379 thousand in 2017. It was due to the increase in number of staff and improved insurance policy during the nine months ended 31 December in 2018.

#### **Income tax expense**

Income tax expense for the nine months ended 31 December 2018 was approximately HK\$1.1 million, representing a decrease of approximately HK\$0.9 million or 45% from approximately HK\$2 million for the corresponding period in 2017. Such decrease was in line with the drop in net profit during the nine months ended 31 December 2018.

#### **Profit for the period**

The Group recorded a loss of approximately HK\$0.6 million for the nine months ended 31 December 2018 (nine months ended 31 December 2017: HK\$4.0 million), which was mainly due to the recognition of non-recurring listing expenses of approximately HK\$5.0 million for the nine months ended 31 December 2018 (nine months ended 31 December 2017: HK\$14.1 million). If the non-recurring listing expenses were excluded, our profit for the period ended 31 December 2018 would be adjusted to approximately HK\$4.4 million mainly due to the decrease in revenue and increase in other operating expenses during the corresponding period as discussed above.

## **ERROR EXPENSES AND FACILITATION EXPENSES**

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

	<b>Error Expenses</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<b>Facilitation Expenses</b> <i>HK\$'000</i> <i>(Unaudited)</i>
April 2018	–	206
May 2018	75	96
June 2018	–	190
July 2018	–	126
August 2018	–	218
September 2018	–	195
October 2018	35	201
November 2018	13	228
December 2018	–	120

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

The error trades are generally resulted from unintentional human errors. Our Directors consider that the error trades are not in material amount and our daily business operations are closely monitored by our 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 nine months ended 31 December 2018. To manage liquidity risk, the Group monitors the liquidity position daily to ensure that the liquidity structure of the Group's assets, liabilities and other commitment can meet the funding and SFC regulatory requirement.

## **CAPITAL STRUCTURE**

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

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

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

## **CAPITAL COMMITMENTS**

As at 31 December 2018, the Group did not have any capital commitments.

## **SIGNIFICANT INVESTMENT**

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

## **EVENT AFTER THE REPORTING DATE**

There was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after the nine months ended 31 December 2018 and up to the date of this results announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 31 December 2018, the Group did not have other plans for material investments and capital assets save as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 14 August 2018.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the nine months ended 31 December 2018, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **CONTINGENT LIABILITIES**

As at 31 December 2018, the Group did not have any material contingent liabilities.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATIONS**

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

## **PLEDGE OF ASSETS**

As at 31 December 2018, the Group did not pledge any of its assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2018, the Group had 29 staff (31 December 2017: 22) in total. The Group’s remuneration policy is based on the duties, responsibilities, experiences, skills, time commitment, performance of the relevant director or member of senior management of the Group and are made with reference to those paid by comparable companies. The employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, the Group’s profit as a whole and comparable market levels. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage, other allowances and benefits.

## **DIVIDEND**

The Board has resolved not to declare an interim dividend for the nine months ended 31 December 2018.

## USE OF PROCEEDS

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

Since the Listing Date and up to 31 December 2018, approximately HK\$4.6 million of the net proceeds has been utilised for office expansion plan.

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

#### (A) Long position in ordinary shares of the Company

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

#### *Notes:*

1. These shares are held by Oasis Green Ventures Limited, a company wholly owned by Pacific Asset Limited, which is in turn wholly owned by Mr. Yu Kwok Tung. By virtue of the SFO, Mr. Yu Kwok Tung and Pacific Asset Limited are deemed to be interested in these shares held by Oasis Green Ventures Limited.
2. These shares are held by Dense Jungle Limited, which is wholly owned by Mr. Ng Yu Fai. By virtue of the SFO, Mr. Ng Yu Fai is deemed to be interested in these shares held by Dense Jungle Limited.
3. These shares are held by Beyond Delta Limited, which is wholly owned by Mr. Choi Man Ho. By virtue of the SFO, Mr. Choi Man Ho is deemed to be interested in these shares held by Beyond Delta Limited.

<sup>+</sup> The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 31 December 2018.

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

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

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

<sup>+</sup> The percentage represents the number of ordinary shares involved divided by the number of issued shares of the respective associated corporation of the Company as at 31 December 2018.

Save as disclosed above, as at 31 December 2018, none of the Directors nor the chief executive of the Company had any interests and/or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 December 2018, the following corporations or persons (other than a Director or chief executive of the Company) had interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

**Long position in ordinary shares of the Company**

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

*Notes:*

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

<sup>+</sup> The percentage represents the number of ordinary shares involved divided by the number of issued shares of the Company as at 31 December 2018.



Save as disclosed above, as at 31 December 2018, other than the Directors and the chief executive of the Company whose interests are set out in the paragraph headed “Directors’ and chief executive’s interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation” above, no person had interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **COMPETING AND CONFLICT OF INTERESTS**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 December 2018.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the nine months ended 31 December 2018.

## **INTERESTS OF THE COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Red Sun Capital Limited to be the compliance adviser. As notified by Red Sun Capital Limited, as at 31 December 2018, neither Red Sun Capital Limited, nor its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period from the Listing Date up to 31 December 2018.

## **CORPORATE GOVERNANCE PRACTICE**

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

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding Directors’ securities transactions in the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules and there was no event of non-compliance during the period from the Listing Date up to 31 December 2018.

## SHARE OPTION SCHEME

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

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

## AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2018.

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

Hong Kong, 29 January 2019

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

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