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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)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2019**

### **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 of the Company (the “**Board**”) announces the unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 31 December 2019, together with the comparative unaudited figures for the corresponding periods in 2018 as follows.

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 DECEMBER 2019

		Three months ended 31 December		Nine months ended 31 December	
	NOTES	2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	9,130	15,311	36,918	50,252
Other income and gains, net	5	35	66	106	50
Total revenue and other income		9,165	15,377	37,024	50,302
Depreciation		(692)	(133)	(2,075)	(395)
Staff costs		(6,880)	(9,606)	(21,688)	(28,870)
Listing expenses		–	–	–	(5,039)
Reversal of provision for expected credit losses recognised on trade receivables		–	–	33	–
Other operating expenses		(4,166)	(5,261)	(15,881)	(15,447)
Finance costs	6	(17)	(3)	(58)	(30)
(Loss) profit before tax	7	(2,590)	374	(2,645)	521
Income tax credit (expense)	8	224	(243)	91	(1,126)
(Loss) profit and total comprehensive (expense) income for the period attributable to the owners of the Company		(2,366)	131	(2,554)	(605)
(Loss) earnings per share (HK cents)					
Basic and diluted	10	(0.30)	0.02	(0.32)	(0.09)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 31 DECEMBER 2019**

	Attributable to the owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Shareholder's contribution reserve HK\$'000	Shares held for the share award scheme HK\$'000 (Note (a))	Other reserve HK\$'000 (Note (b))	Retained profits HK\$'000	
At 1 April 2019 (audited)	8,000	34,929	–	–	6,800	36,912	86,641
Contribution by a controlling shareholder to the share award scheme (Note a)	–	–	19,272	(19,272)	–	–	–
Loss and total comprehensive expense for the period	–	–	–	–	–	(2,554)	(2,554)
As at 31 December 2019 (unaudited)	<u>8,000</u>	<u>34,929</u>	<u>19,272</u>	<u>(19,272)</u>	<u>6,800</u>	<u>34,358</u>	<u>84,087</u>
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 the Reorganisation (as defined in note 2) (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>–</u>	<u>–</u>	<u>6,800</u>	<u>36,142</u>	<u>85,871</u>

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

*Notes:*

- (a) On 10 April 2019, Oasis Green Ventures Limited (“**Oasis Green**”), a company indirectly wholly-owned by Mr. Yu Kwok Tung (“**Mr. Yu**”), contributed 88,000,000 shares to the share pool under share award scheme at nil consideration to facilitate the issue of award shares as incentive to attract and retain eligible participants under the share award scheme adopted by the Company for the long term development of the Group. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the transfer, was HK\$0.219 per share.
- (b) Other reserve represented the difference between the nominal amount of the share capital of De Riva Asia Limited (“**De Riva**”) and the nominal amount of the share capital issued by the Company pursuant to the Reorganisation.
- (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 allotting and issuing 3,450 shares, 800 shares, 450 shares and 300 shares at par of HK\$0.01 each (equivalent to HK\$50 in aggregate), all being credited as fully paid to Oasis Green, Jolly Ocean Global Limited, Dense Jungle Limited and Beyond Delta Limited, respectively.
- (d) Pursuant to shareholders’ written resolution passed on 30 July 2018, the Directors 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 2019

### 1. CORPORATE INFORMATION

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

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

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

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

### 2. BASIS OF PREPARATION

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

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

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. 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 2019 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

### 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 2019 are consistent with those adopted in the Group's interim condensed consolidated financial statements for the six months ended 30 September 2019.

In the current period, the Group has adopted all the new and revised HKFRSs amendments to Hong Kong Accounting Standards 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 2019.

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	
	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )
Commission income from dealing in securities and futures contracts as a futures non-clearing broker	<b>9,130</b>	15,311	<b>36,918</b>	50,252

### 5. OTHER INCOME AND GAINS, NET

	Three months ended 31 December		Nine months ended 31 December	
	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )
Bank interest income	<b>35</b>	33	<b>103</b>	50
Exchange gain, net	–	33	–	–
Sundry income	–	–	<b>3</b>	–
	<b>35</b>	66	<b>106</b>	50

## 6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )
Interest expense on:				
Bank overdrafts	1	3	2	30
Lease liabilities	16	–	56	–
	<u>17</u>	<u>3</u>	<u>58</u>	<u>30</u>

## 7. (LOSS) PROFIT BEFORE TAX

	Three months ended 31 December		Nine months ended 31 December	
	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )
(Loss) profit for the period has been arrived at after charging:				
Auditor's remuneration	40	180	280	240
Exchange loss, net	52	–	104	6
Operating lease rental payments for rented premises	–	462	–	1,546
Depreciation of property and equipment	242	133	725	395
Depreciation of right of use assets	450	–	1,350	–
Error and facilitation expenses	415	596	4,082	1,702
	<u>415</u>	<u>596</u>	<u>4,082</u>	<u>1,702</u>

## 8. INCOME TAX CREDIT (EXPENSE)

	Three months ended 31 December		Nine months ended 31 December	
	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )	2019 <i>HK\$'000</i> ( <i>unaudited</i> )	2018 <i>HK\$'000</i> ( <i>unaudited</i> )
Current tax:				
Hong Kong Profits tax	189	(243)	–	(1,126)
Deferred tax:	35	–	91	–
	<u>224</u>	<u>(243)</u>	<u>91</u>	<u>(1,126)</u>

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

## 9. DIVIDEND

No dividend was paid, declared or proposed during the nine months ended 31 December 2019 (nine months ended 31 December 2018: nil).

## 10. (LOSS) EARNINGS PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2019 <i>HK\$'000</i> <i>(unaudited)</i>	2018 <i>HK\$'000</i> <i>(unaudited)</i>	2019 <i>HK\$'000</i> <i>(unaudited)</i>	2018 <i>HK\$'000</i> <i>(unaudited)</i>
<b>(Loss) earnings</b>				
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the period attributable to the owners of the Company	<u>(2,366)</u>	<u>131</u>	<u>(2,554)</u>	<u>(605)</u>
	<b>2019</b> <i>(unaudited)</i>	<b>2018</b> <i>(unaudited)</i>	<b>2019</b> <i>(unaudited)</i>	<b>2018</b> <i>(unaudited)</i>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>800,000,000</u>	<u>800,000,000</u>	<u>800,000,000</u>	<u>692,363,636</u>

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

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

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

For the nine months ended 31 December 2019, the trade orders involved listed derivatives products which were either executed on the Hong Kong Exchanges and Clearing Limited (the “**HKEx**”) or Singapore Exchange (the “**SGX**”), and non-listed derivatives products which were all executed over-the-counter (“**OTC**”). The Group has, through De Riva, entered into arrangements with a number of execution brokers to provide derivative services for SGX listed derivatives and HKEx listed single stock options as De Riva does not have the relevant trading rights. Hence, De Riva acted as an agent to arrange for and match up trade orders without providing any execution, settlement or clearing services, and trading parties are directly responsible for all risks involved in the OTC transactions.

For the nine months ended 31 December 2019, the revenue was approximately HK\$36.9 million, representing a decrease of approximately 26.6% when compared with the revenue of approximately HK\$50.3 million of the corresponding period in 2018.

## FINANCIAL REVIEW

### Revenue

The revenue decreased from approximately HK\$50.3 million for the nine months ended 31 December 2018 to approximately HK\$36.9 million for the nine months ended 31 December 2019, representing a drop of approximately 26.6%. The decrease was mainly due to the decrease in trade volume for HKEx and SGX.

The following table sets forth the revenue breakdown for the nine months ended 31 December 2019, together with the comparative results for the corresponding period in 2018:

	For the nine months ended 31 December			
	2019		2018	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
HKEx	28,202	76.4	38,994	77.6
SGX	4,805	13.0	6,889	13.7
OTC	3,911	10.6	4,369	8.7
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	36,918	100.0	50,252	100.0

### Staff costs

Staff costs comprise salaries, provident fund contribution and other allowance. The staff costs decreased from approximately HK\$28.9 million for the nine months ended 31 December 2018 to approximately HK\$21.7 million for the nine months ended 31 December 2019, representing a drop of approximately 24.9%. The decrease was mainly attributable to the decrease in bonus which was in line with the decrease in revenue of the Group and netting off by the increase in number of staff compared with the corresponding period in 2018.

### Other operating expenses

The other operating expenses increased from approximately HK\$15.4 million for the nine months ended 31 December 2018 to approximately HK\$15.9 million for the nine months ended 31 December 2019, representing a growth of approximately 3.2%. The increase was mainly due to the increase in error expenses and legal and professional fee and netting off by the decrease in repair and maintenance expenses, clearing fees and rental expenses.

The error expenses for the nine months ended 31 December 2019 was approximately HK\$4.1 million, representing an increase of approximately HK\$2.4 million or 141.2% over the corresponding period of approximately HK\$1.7 million in 2018. It was due to the one-off incident on 21 May 2019, where De Riva, an indirect wholly owned subsidiary of the Company, recorded a material human error trade resulting a loss of approximately HK\$2.7 million. The error trade was resulted from the unfamiliarity of the execution broker in using the new system imposed by the Hong Kong Futures Exchange Limited.

The legal and professional fee for the nine months ended 31 December 2019 was approximately HK\$1.6 million, while the expense for the corresponding period in 2018 was approximately HK\$833 thousand. The increase was due to the professional fee for ongoing professional services rendered after the listing of the issued shares of the Company on GEM of the Stock Exchange on 27 August 2018.

The repair and maintenance expenses for the nine months ended 31 December 2019 was approximately HK\$83 thousand, representing a decrease of approximately HK\$489 thousand or 85.5% over the corresponding period of approximately HK\$572 thousand in 2018. It was mainly due to the office removal in 2018.

The clearing fees for the nine months ended 31 December 2019 was approximately HK\$3.0 million, representing a decrease of approximately HK\$0.7 million or 18.9% over the corresponding period of approximately HK\$3.7 million in 2018. Such decrease was in line with the drop of trade volume for HKEx and SGX during the nine months ended 31 December 2019.

There were no rental expenses recorded for the nine months ended 31 December 2019, as compared to approximately HK\$1.5 million for the corresponding period in 2018. It is mainly due to change of accounting policy under HKFRS 16 in April 2019.

#### **Income tax credit (expense)**

Income tax credit for the nine months ended 31 December 2019 was approximately HK\$91 thousand, while the income tax expense of the corresponding period in 2018 was approximately HK\$1.1 million. Such change from income tax expense to income tax credit was in line with the drop of net profit before tax during the nine months ended 31 December 2019.

#### **Loss for the period**

The Group recorded a loss of approximately HK\$2.6 million for the nine months ended 31 December 2019 (nine months ended 31 December 2018: HK\$0.6 million). By excluding the one-off listing expenses of approximately HK\$5.0 million for the nine months ended 31 December 2018, the loss for the period ended 31 December 2019 would be adjusted to loss of approximately HK\$2.6 million (nine months ended 31 December 2018: profit of HK\$4.4 million). The increase in loss was mainly due to the decrease in revenue, increase in other operating expenses netting off by the decrease in staff costs during the nine months ended 31 December 2019 as discussed above.

## ERROR EXPENSES AND FACILITATION EXPENSES

The 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 2019	–	198
May 2019	2,673	148
June 2019	–	144
July 2019	–	100
August 2019	–	260
September 2019	–	144
October 2019	–	181
November 2019	–	69
December 2019	–	165

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

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

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

## TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the nine months ended 31 December 2019. To manage liquidity risk, the Group monitors the liquidity position daily to ensure that the liquidity structure of the Group's assets, liabilities and other commitment can meet the funding and SFC regulatory requirement.

## CAPITAL STRUCTURE

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

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

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

## **CAPITAL COMMITMENTS**

As at 31 December 2019 and 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 2019 and up to the date of this results announcement.

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

As at 31 December 2019, the Group did not have other plans for material investments and capital assets save as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company.

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

During the nine months ended 31 December 2019, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **CONTINGENT LIABILITIES**

As at 31 December 2019 and 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 to be minimal.

## **PLEDGE OF ASSETS**

As at 31 December 2019 and 31 December 2018, the Group did not pledge any of its assets.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 31 staff (as at 31 December 2018: 29) 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 2019.

## USE OF PROCEEDS

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

Since the Listing Date and up to 31 December 2019, approximately HK\$8.1 million of the net proceeds has been utilised as follows:

	Planned use of net proceeds					Actual use of net proceeds	
	Up to 30 September 2018	For the six months ended 31 March 2019	For the six months ended 30 September 2019	For the six months ending 31 March 2020	For the six months ending 30 September 2020		Up to 31 December 2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
To apply for becoming a Clearing Participant	-	-	11,040	480	480	12,000	138
To expand our OTC product coverage	-	1,104	1,897	2,128	2,128	7,257	1,931
To use for office expansion plan	6,028	-	-	-	-	6,028	5,568
To expand our licensed broker team	-	-	665	665	665	1,995	481
	<u>6,028</u>	<u>1,104</u>	<u>13,602</u>	<u>3,273</u>	<u>3,273</u>	<u>27,280</u>	<u>8,118</u>

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 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

#### Long position in ordinary Shares

Name of Director	Capacity/nature of interest	Number of Shares involved	Approximate percentage <sup>+</sup> of shareholding in the Company
Mr. Yu Kwok Tung	Interest of controlled corporations	278,000,000 ( <i>Note 1</i> )	34.75%
	Interest of spouse	16,000,000 ( <i>Note 2</i> )	2.00%
		294,000,000	36.75%
Mr. Ng Yu Fai	Interest of controlled corporation	54,000,000 ( <i>Note 3</i> )	6.75%
Mr. Choi Man Ho	Interest of controlled corporation	36,000,000 ( <i>Note 4</i> )	4.50%
Mr. Lau Ming Yeung, Lambert	Interest of controlled corporation	32,000,000 ( <i>Note 5</i> )	4.00%

#### Notes:

1. These Shares are held by Oasis Green Ventures Limited, a company wholly owned by Pacific Asset Limited, which is in turn wholly owned by Mr. Yu Kwok Tung. By virtue of the SFO, Mr. Yu Kwok Tung and Pacific Asset Limited are deemed to be interested in these Shares held by Oasis Green Ventures Limited.
2. These Shares are held by Ms. Yip Shui Chi Rowena, the spouse of Mr. Yu Kwok Tung. By virtue of the SFO, Mr. Yu Kwok Tung is taken to be interested in the same number of Shares in which Ms. Yip Shui Chi Rowena is interested.
3. These Shares are held by Dense Jungle Limited, which is wholly owned by Mr. Ng Yu Fai. By virtue of the SFO, Mr. Ng Yu Fai is deemed to be interested in these Shares held by Dense Jungle Limited.
4. These Shares are held by Beyond Delta Limited, which is wholly owned by Mr. Choi Man Ho. By virtue of the SFO, Mr. Choi Man Ho is deemed to be interested in these Shares held by Beyond Delta Limited.
5. These Shares are held by Ocean Lead Holdings Limited, which is wholly owned by Mr. Lau Ming Yeung, Lambert. By virtue of the SFO, Mr. Lau Ming Yeung, Lambert is deemed to be interested in these Shares held by Ocean Lead Holdings Limited.

<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 2019.

Save as disclosed above, as at 31 December 2019, neither the Directors nor the chief executive of the Company had any interests and/or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 December 2019, 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 <sup>+</sup> of shareholding in the Company
Oasis Green Ventures Limited	Beneficial owner	278,000,000 ( <i>Note 1</i> )	34.75%
Pacific Asset Limited	Interest of controlled corporation	278,000,000 ( <i>Note 1</i> )	34.75%
Ms. Yip Shui Chi Rowena	Interest of spouse	278,000,000 ( <i>Notes 1, 2</i> )	34.75%
	Beneficial owner	16,000,000	2.00%
		294,000,000	36.75%
Jolly Ocean Global Limited	Beneficial owner	96,000,000 ( <i>Note 3</i> )	12.00%
Santo Global Investments Limited	Interest of controlled corporation	96,000,000 ( <i>Note 3</i> )	12.00%
Mr. Lau Ming Hong Henry	Interest of controlled corporations	96,000,000 ( <i>Note 3</i> )	12.00%
Ms. Lo Ying	Interest of spouse	96,000,000 ( <i>Note 3</i> )	12.00%
Bank of East Asia (Trustees) Limited	Trustee	88,000,000 ( <i>Note 4</i> )	11.00%
Dense Jungle Limited	Beneficial owner	54,000,000 ( <i>Note 5</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 in which Mr. Yu Kwok Tung is interested.
  3. These Shares are held by Jolly Ocean Global Limited, a company wholly owned by Santo Global Investments Limited, which is in turn wholly owned by Mr. Lau Ming Hong Henry. By virtue of the SFO, Mr. Lau Ming Hong Henry and Santo Global Investments Limited are deemed to be interested in these Shares held by Jolly Ocean Global Limited. Ms. Lo Ying is the spouse of Mr. Lau Ming Hong Henry. By virtue of the SFO, Ms. Lo Ying is taken to be interested in the same number of Shares in which Mr. Lau Ming Hong Henry is interested.
  4. These Shares are held by Bank of East Asia (Trustees) Limited as trustee of the share award scheme adopted by the Company on 4 April 2019. By virtue of the SFO, Bank of East Asia (Trustees) Limited is deemed to be interested in 88,000,000 Shares.
  5. These interests are also disclosed as the interest of Mr. Ng Yu Fai in the paragraph headed “Directors’ and chief executive’s interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation”.
- + The percentage represents the number of ordinary Shares involved divided by the number of issued Shares as at 31 December 2019.

Save as disclosed above, as at 31 December 2019, other than the Directors and the chief executive of the Company whose interests are set out in the paragraph headed “Directors’ and chief executive’s interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation” above, no person had interest or short position in the Shares or underlying Shares which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **COMPETING AND CONFLICT OF INTERESTS**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 December 2019.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflicts of interest with the Group during the nine months ended 31 December 2019.

## **INTERESTS OF THE COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Red Sun Capital Limited to be the compliance adviser. As notified by Red Sun Capital Limited, as at 31 December 2019, neither Red Sun Capital Limited, nor its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2019.

## **CORPORATE GOVERNANCE PRACTICE**

The Company is committed to maintaining high standard of corporate governance which is essential to the sustainable development and growth of the Company. The Company has devoted efforts to put in place various policies and procedures in compliance with the principles and code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules and the Board is of the view that the Company has met such code provisions during the nine months ended 31 December 2019.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding Directors' securities transactions in the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules and there was no event of non-compliance during the nine months ended 31 December 2019.

## **SHARE OPTION SCHEME**

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

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

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

## SHARE AWARD SCHEME

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

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

No share award has been granted by the Company under the Share Award Scheme since its adoption.

## AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2019.

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

Hong Kong, 31 January 2020

*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 Listed Company Information” page of the GEM website at “www.hkgem.com” for at least seven days from the date of its publication and on the Company’s website at “www.derivaasia.com”.*